

The PRESIDENT pro tempore. The Chair appoints the entire membership of the Senate as a committee to proceed to the bier of our late President John F. Kennedy.

Mr. MANSFIELD. Mr. President, I ask Senators to join the leadership and proceed in a body to the bier on which our late departed colleague is now resting.

#### ADJOURNMENT

Mr. MANSFIELD. Mr. President, as previously ordered, the Senate will meet at 12 o'clock noon. I now move that this extraordinary meeting of Members of the Senate be now adjourned.

The motion was agreed to; and (at 10 o'clock and 19 minutes a.m.) the informal meeting of the Senate was adjourned.

The Senate proceeded in a body to the bier of the late President of the United States, John Fitzgerald Kennedy.

#### THE JOURNAL

Mr. METCALF. Mr. President, I ask unanimous consent that the Journal, as amended, be approved as if read.

The PRESIDENT pro tempore. Without objection, it is so ordered.

#### AUTHORIZATION FOR COMMITTEES TO FILE REPORTS DURING ADJOURNMENT OF THE SENATE

Mr. METCALF. Mr. President, I ask unanimous consent that committees of the Senate be permitted to file reports, with minority or individual views thereto, if appropriate, during the adjournment of the Senate.

The PRESIDENT pro tempore. Without objection, it is so ordered.

#### ADJOURNMENT

Mr. METCALF. Mr. President, as a further mark of respect to the memory of the late beloved President of the United States, I move that the Senate adjourn until 12 noon, tomorrow.

The motion was unanimously agreed to; and (at 12 o'clock and 3 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, November 26, 1963, at 12 o'clock meridian.

## SENATE

TUESDAY, NOVEMBER 26, 1963

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Father of men and nations: Thou knowest that on these black-bordered days our heavy hearts have been saying, "Earth's joys grow dim, its glories pass away."

But we turn to Thee who art from everlasting to everlasting, grateful that a riderless steed, upon which millions

have gazed with appalled eyes, is not a symbol of a leaderless nation, and that history assures us that in every crisis, Thou dost raise up men to carry on Thy mission for the redemption of humanity.

We are heartened to know that when any leader falls, Thy truth goes marching on—always.

At this noon tide which succeeds the day of mourning, when the Nation stopped to weep and ponder, we turn to unfinished tasks with a new assurance of the invincibility of righteousness and truth. Like a rainbow arching the darkened sky will be the remembrance that to America in her shocked grief, there hastened the highest spokesmen of the world's nations, speeding around the earth to stand together in a temple of divine worship, witnessing to an essential kinship with the eternal principles to which this Republic, under any leader, is dedicating her might.

And now as these heralds of good will return across the long miles to their own capitals, we would lift to Thee, with hearts strangely moved, the poet's prayer—

The tumult and the shouting dies;  
The captains and the kings depart;  
Still stands Thine ancient sacrifice,  
An humble and a contrite heart;  
Lord, God of Hosts, be with us yet,  
Lest we forget, lest we forget!

Amen.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, communicated to the Senate the resolutions of the House adopted as a tribute to the memory of the late President of the United States, John Fitzgerald Kennedy.

#### ENROLLED BILLS SIGNED

The message announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 777. An act to amend the Arms Control and Disarmament Act in order to increase the authorization for appropriation and to modify the personnel security procedures for contractor employees;

H.R. 2837. An act to amend further section 11 of the Federal Register Act (44 U.S.C. 311); and

H.R. 8969. An act to provide, for the period ending June 30, 1964, temporary increases in the public debt limit set forth in section 21 of the Second Liberty Bond Act.

#### AMENDMENT OF LIBRARY SERVICES ACT

Mr. MANSFIELD. Mr. President, under the unanimous-consent agreement granted by the membership to the leadership, I move that Calendar No. 570, Senate bill 2265, be laid before the Senate and made the pending business.

The motion was agreed to; and the Senate resumed the consideration of the bill (S. 2265) to amend the Library Services Act in order to increase the amount of assistance under such act and to extend such assistance to nonrural areas.

The PRESIDENT pro tempore. By unanimous consent, debate on the bill is limited.

Mr. MANSFIELD. Yes.

#### LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I think it appropriate that I address to the distinguished majority leader an inquiry in regard to the schedule for today and tomorrow.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may proceed for 2 minutes without having that time charged to the time available under the agreement in connection with the library services bill.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, it is anticipated that at the conclusion of the consideration of Senate bill 2265, to amend the Library Services Act, the Senate will proceed to the consideration of Calendar No. 639, Senate bill 2310, to prohibit any guarantee by the Export-Import Bank or any other agency of the Government of payment of obligations of Communist countries. That is the so-called Mundt bill, which some 10 days ago the leadership promised the Senate it would bring up either yesterday or today; and, in keeping with that promise, we shall do so today.

To Senators who have asked about the meeting held yesterday by the Banking and Currency Committee, that also was done on the basis of a specific pledge which had been made; and I should like to inform Senators that if any responsibility rests on anyone for the holding of that committee meeting on yesterday, the responsibility is mine. I thank the distinguished Senator from Virginia [Mr. ROBERTSON], the chairman of the Banking and Currency Committee, for attending to his duty and doing what the Senate had a right to expect.

After conferring with the distinguished President pro tempore, the Senator from Arizona [Mr. HAYDEN], I announce that it is anticipated that tomorrow the Senate will take up the conference report on the legislative appropriation bill, H.R. 6868. It is hoped sometime, either today or tomorrow, the Senate will take up the aviation bill, which will be in charge of the distinguished Senator from Oklahoma [Mr. MONROE].

#### EULOGIES ON DECEMBER 11 IN HONOR OF THE LATE PRESIDENT KENNEDY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Wednesday, December 11—2 weeks from tomorrow—be set aside for eulogies to be delivered by Members of the Senate in honor of our late departed President and our former colleague in this body.

The PRESIDING OFFICER (Mr. RIBICOFF in the chair). Without objection, it is so ordered.

#### LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, it is the hope of the leadership that the Senate will remain in session long enough

today and tonight to do a good day's work, and that tomorrow the Senate will be able to clear up the odds and ends, and that on the basis of having the Senate complete its work and having the calendar fairly clear, the Senate will be able to go over to Friday, for a pro forma session, and from Friday to the following Tuesday. The President should have a little time to put his blocks in order, so to speak; and this arrangement would give him the respite which he would need. However, this arrangement is dependent upon the Senate's completing the business which it must transact.

Mr. CURTIS. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. CURTIS. Is it the expectation of the Senator from Montana that the action of the Senate on the Mundt bill will be completed today?

Mr. MANSFIELD. That bill will be taken up today. It has already been threshed out quite thoroughly in the committee, and it is our hope that not all of the time available under the unanimous-consent agreement will be used. However, that will be for the Senate to decide.

Mr. DIRKSEN. Mr. President, will the Senator from Montana yield to me?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. I state frankly that I suggested to the majority leader that the Senate hold a late session today, if necessary, for the purpose of completing today its action on the so-called Mundt bill, because I am confident that after having announced that the Thanksgiving recess would begin tomorrow afternoon, some travel commitments have already been made. So that measure should be disposed of today.

Mr. MANSFIELD. I agree.

I am undetermined as to when to have the Senate take up the Nitze nomination. It was anticipated that it would be brought up yesterday. However, because of the tragic circumstances, of course that was impossible. So it will remain in abeyance for either this week or the next.

Mr. DIRKSEN. With respect to the nominations, a little while ago, it was asked whether they now are moot. However, my understanding from the Parliamentarian is that they continue and are subject to action by the Senate, unless they are withdrawn by the President.

The PRESIDING OFFICER. That is correct.

#### MEETING OF BANKING AND CURRENCY COMMITTEE YESTERDAY TO CONSIDER THE MUNDT BILL

Mr. ROBERTSON. Mr. President, I acknowledge with thanks the compliment paid to me by the distinguished majority leader.

At 9 o'clock yesterday morning, after I learned that the Senate would meet at 10 a.m. to make arrangements to attend the funeral of the President, I telephoned the clerk of the committee and suggested that he send to all members of the committee notices that the committee would not meet. However, he said he had received from the majority leader

word that he thought that inasmuch as the Senate had asked that the committee meet then, we should do so.

I then checked with the office of the majority leader, and that word was confirmed. So the committee met, and reported the bill, as it was requested to do; also, there was laid on the desk of every Senator a record of 275 printed pages of testimony which the committee believes fully covers the pros and cons of the Mundt bill.

As chairman of the committee that met under those adverse circumstances to order the bill reported, I wish to unite with the minority leader in expressing the hope that even if the Senate must remain in session until late tonight, it will finish consideration of the bill. I believe, first, that quite a vital issue is involved; and second, we all know that from the standpoint of those anxious to see the deal made, the Export-Import Bank will not insure \$1 of future grain shipments until we have voted. Therefore, I believe that the Senate should act promptly both from the standpoint of those who wish to see the shipments made and also from the standpoint of those of us who take the position that even though it would hurt the farmers and others, we do not wish to start a program of giving aid to Communist nations. We must go on record on that issue.

Mr. MANSFIELD. Mr. President, if the Senator from Virginia will bear with the leadership, the Senate will remain in session late tonight.

#### TRIBUTE TO RADIO AND TELEVISION INDUSTRY

Mr. GORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. GORE. Mr. President, I wish to express deep appreciation for the sensitive and magnificent coverage of the tragic events of the past 4 days devoted by the television industry and by the radio industry of the United States.

I do this, first, out of deep gratitude; and second, because heretofore I have been a critic of the programming and commercialism of television and radio. The action of the industry in the last few days has been one which I admire and appreciate very deeply.

#### JOINT MEETING OF THE TWO HOUSES

Mr. MANSFIELD. Will the Senator from Oregon yield me one-half minute?

Mr. MORSE. I yield.

Mr. MANSFIELD. I wish to report to the Senate that the Senate will meet in this Chamber tomorrow. At this moment I do not know the exact time, but the Senate will leave its Chamber probably at 12:10 or 12:15 o'clock, for the purpose of proceeding in a body to the other Chamber to hear the President of the United States address a joint meeting of Congress.

#### AMENDMENT OF LIBRARY SERVICES ACT

The Senate resumed the consideration of the bill (S. 2265) to amend the Li-

brary Services Act in order to increase the amount of assistance under such act and to extend such assistance to non-rural areas.

Mr. MORSE. Mr. President, I ask for the yeas and nays on passage of the bill (S. 2265).

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

#### CHANGE IN UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, as I read the unanimous-consent request, I believe it is not correct. The unanimous-consent request on Friday last was that there would be 1 hour on the bill and all amendments thereto. The way the unanimous consent now reads, there will be 1 hour on each amendment and 1 hour on the bill.

Mr. President, I ask unanimous consent that the original intent of the proposal be adhered to; namely, 1 hour on the bill and all amendments thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. MORSE. Mr. President, under the time limitation, I must proceed with the bill. I cannot take up my hour with extraneous matters, and I hope Senators will understand that as Senator in charge of the bill, my responsibility is to the bill. It will not take me very long. I shall try to accommodate Senators as rapidly as I can, but I should like to dispose of the bill, because the Senator from Texas is entitled to have as much time as I myself under the unanimous-consent agreement.

#### LEGISLATION RELATING TO ASSAULT ON PRESIDENT OR VICE PRESIDENT

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MORSE. I yield 1 minute to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 1 minute.

Mr. JAVITS. Mr. President, I know that every Senator will wish to join in one or more of the bills introduced, but there is one thing which I should like to bring to the attention of the Senate, and that is that I hope there will not be a race of investigations. The past weekend has been a miserable nightmare. Many events have occurred concerning which the American people are entitled to an accounting.

I express the hope that the majority and minority leaders of the Senate and of the House and the President will get together to decide on one responsible national investigation to account to all the people, and that there will be no unseemliness in the Federal Government, with various committees racing to investigate that subject.

I believe that would be a contribution to dignity and propriety, to which we are entitled, the model of which for this country was Mrs. Kennedy. I hope it will be done.

I shall study the various bills, as will other Senators, and join in one or more of them, as I believe to be proper, as a lawyer.

The important thing, in my opinion, is to keep the investigation on the plane and level of dignity and support for our Nation's prestige in the world, for the dignity of our President, and for the dignity of our deceased President—for which Mrs. Kennedy led the way.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. MORSE. Mr. President, I yield 1 minute to the Senator from South Carolina [Mr. JOHNSTON].

The PRESIDING OFFICER. The Senator from South Carolina [Mr. JOHNSTON] is recognized for 1 minute.

Mr. JOHNSTON. Mr. President, there is, at the desk, a bill along the line of the measures under discussion, after talking with all members of the Committee on the Judiciary. Senators will find the bill at the desk. It has been introduced on behalf of the Judiciary Committee to make it a Federal offense for anyone to kill or assault the President or the Vice President of the United States.

We are all interested in this subject, and the Judiciary Committee will be glad to hear from all Senators in regard to it.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an editorial entitled "Make It a Federal Crime," published in the Washington Post of November 26, 1963.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### MAKE IT A FEDERAL CRIME

Certainly the law should be amended to make the assassination of the President a Federal crime. It is ironic indeed that the criminal who murdered President Kennedy violated only the law of Texas. Actually his foul deed was a crime against the Nation—one of the most serious crimes against the Nation in this century.

As the law now stands, severe penalties are prescribed for felons who murder or attack Federal judges, U.S. attorneys, FBI agents, postal inspectors, Secret Service officials, customs agents, and various employees of the Departments of the Interior and Agriculture. But this law for the protection of officers and employees of the United States does not, strangely enough, cover the President or members of his Cabinet.

Presumably the need for Federal law in this field has not previously been emphasized. When Lincoln was assassinated, the country was still under martial law. The assassin of President Garfield was prosecuted in the District of Columbia and the assassin of President McKinley in New York. There is a strong presumption that Texas would have convicted Lee Harvey Oswald of the slaying of President Kennedy if Oswald himself had not been killed as he was being transferred to the county jail. But the serious bungling of this vital case by the Dallas police constitutes a strong argument for the direction of such delicate operations by the FBI from the very beginning.

The events in Dallas have shown all too clearly that Federal officials should have been in charge of the police work from the beginning. High crimes against the Nation cannot be safely left to investigation and prosecution by local officials of the community in which such crimes happen to take place. As soon as Congress resumes its operations, Representative RICHARD S.

SCHWEIKER, of Pennsylvania, will introduce a bill to extend the protection of section 1114, United States Code, to the President and Vice President. We hope that it will be given prompt attention by the Judiciary Committee and that they will also include within the terms of the bill other officials in the line of succession to the Presidency. Perhaps agency heads, their deputies and Members of Congress should also be included.

#### AMENDMENT OF LIBRARY SERVICES ACT

The Senate resumed the consideration of the bill (S. 2265) to amend the Library Services Act in order to increase the amount of assistance under such act and to extend such assistance to nonrural areas.

Mr. MORSE. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 5 minutes.

Mr. MORSE. Mr. President, on resuming debate on the library services bill, S. 2265, I should like to briefly recapitulate the major points in its favor:

First. The original format of S. 2265 was title VI-C of S. 580, the administration's comprehensive education bill.

Second. Hearings before the committee were held in connection with S. 580 and much support to title VI-C—now S. 2265—was heard from a great variety of witnesses. Page 3 of the committee report sets forth pertinent references to the hearing record which, in my judgment, can be most helpful to Senators.

Third. The bill was reported with bipartisan support from committee. It has received support on the floor of the Senate from Senators on both sides of the aisle representing a diversity of geographical areas.

Fourth. The library services which we seek to strengthen by this bill perform valuable educational functions for all citizens of all age brackets. At a time when our public school libraries and our private school libraries in many, many cases are inadequate, children of both educational systems must necessarily turn to the public libraries. Our public libraries are crowded in afternoons, Saturdays, Sundays, and holidays because our school libraries cannot provide them with the research tools they need to acquire a good education.

Briefly, if enacted the bill would amend the Library Services Act of 1956 to increase Federal assistance available for the improvement of our public and community libraries. It would achieve its objective by removing the present limitation which restricts assistance to any areas of under 10,000 population. In order to serve all sections of the country, including the large metropolitan areas, the bill would increase the present \$7.5 million authorization by \$17.5 million so that \$25 million in matching grants on a per capita income equalization formula would be available for this year and such sums as the Congress may determine for subsequent years.

Title II of the bill would provide, on a similar matching formula, \$20 million for this year in matching funds for the construction of public community libra-

ries and for each of the next 2 years such sums as the Congress may appropriate.

Evidence presented to the committee indicated that of all the public buildings of our local government public libraries were most in need of renovation, repair, and replacement. Since the great benefactions of Andrew Carnegie in the early part of this century first made possible these repositories of knowledge on a widely distributed basis throughout the country, little has been done.

In closing, Mr. President, I urge that the bill as reported by the committee be passed without crippling amendments which would seek to limit the scope of the program. To single out any population area of our country on the basis of drawing an invidious distinction between our rural citizens and our urban citizens in my judgment is unwise and such an amendment ought not to prevail.

I feel very strongly that in this area of public service we should make available to all our people, despite their residence or other extraneous consideration, access to the best which has been thought and said in man's history.

Mr. President, I ask unanimous consent that there may be printed in the RECORD, at the conclusion of my opening remarks, material in regard to the technical aspects of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The material submitted by Mr. MORSE is as follows:

#### EXHIBIT XLII

##### DEFINITION OF "PUBLIC LIBRARY SERVICE" AND TYPES OF EXPENDITURES UNDER THE LIBRARY SERVICES ACT

Allotments of Federal funds to the States under the Library Services Act are made "to promote further extension by the several States of public library services to rural areas without such services or with inadequate services."

Public library service includes collecting, organizing, making available, and stimulating the use of printed, audio-visual and other types of material having cultural, educational, and informational value to individuals and groups. Such services are provided free to all residents of a community, district, county, or region and are financially supported in whole or in part from public funds. The extension and improvement of public library service requires the training of librarians and library assistants, advisory and consultant services by experienced librarians, the dissemination of information on the values and results of good public library service and the purchase of equipment to operate library service programs such as bookmobiles.

Nearly all States use their Federal allotment for two major purposes; the strengthening of the resources of the State library extension agency to improve and extend their services to rural areas, and, for grants, demonstrations, and related activities at the local, regional, or State level. Expenditures of Federal and State and local matching funds are budgeted and reported under the categories of salaries, books and other materials, equipment and all the operating expenditures.

Expenditures for salaries are made at both the State and local levels. A significant proportion of State level salary expenditures has been devoted to hiring field consultant librarians who work directly with rural librarians, library board members, and governmental officials to improve small public libraries. Other major categories of salary

expenditures are: The employment of trained and experienced librarians to head local demonstrations of larger unit library organizations; to head and staff new county or multicounty public libraries; and, to provide professional staff specialists in such subjects as children's library work, adult education, and reference and information services, who share their special skills with librarians in rural areas. Some salary expenditures have gone to highly specialized, temporary librarians who are hired for specific purposes, for example: To conduct a statewide survey of existing library conditions and to make recommendations for their improvement; to conduct statewide conferences and workshops on topics of concern to rural librarians; and, to carry out management analyses of the administration and operation of both State library extension agencies and local library systems in order to assure maximum efficiency and economy.

Expenditures for books and other library materials under the Library Services Act from 1957 to 1963 have been sufficient to purchase more than 14 million volumes. These expenditures include not only books, pamphlets, periodicals, reference works, and documents, but also educational motion pictures, phonograph recordings and transcriptions, microcards and microfilms and related media which help meet the informational needs of library users.

The most prominent item of equipment frequently purchased with Federal funds is the bookmobile. By the end of fiscal year 1963, more than 350 new bookmobiles were purchased and placed in rural service under this program. These units, which operate in all seasons in all geographic areas of the country, can carry from 2,500 to 5,000 volumes and cost between \$10,000 and \$25,000. Other equipment which is essential to the operation of public libraries include such items as: Machines for catalog card reproduction; microfilm copiers and printers; audiovisual projection and playback equipment; dictating machines; pasting, binding, lettering, and other book processing devices; data processing equipment for inventory, circulation, and catalog control; and book trucks, shipping containers, card catalog cabinets, and related items. Nonspecialized equipment needed for library use under the various State plans includes desks, tables, typewriters, duplicators, delivery trucks, etc.

Expenditures classified as "all other" include a greater variety of items and services than the three mentioned above. Most contractual services fall into this category: Heat, light, custodial and maintenance costs, machine lease or rental, including teletype-writer facilities, and certain costs of the centralized processing of materials. In addition to these, many States spend funds in this category for the training of needed librarians and library assistants; scholarships to graduate library schools; conferences, workshops, and other training activities; field travel; the publication of manuals, syllabi, newsletters, etc.; postage and mailing; research studies into problems affecting rural library services; payment to urban libraries for the extension of specified services to rural areas; production of library training films; insurance; rent; purchase of preprinted catalog cards; book and periodical binding, etc.

#### THE LIBRARY SERVICES AND CONSTRUCTION ACT (S. 2265)—ALLOTMENTS AND MATCHING EXPENDITURES

The Library Services and Construction Act of 1963 (H.R. 4879 and S. 2265) would provide Federal funds as matching grants to the States for the further extension of library services to areas without such services or with inadequate services and for the construction of public library buildings.

From the amounts appropriated for title I (maximum authorization \$25 million), the

Commissioner shall allot \$25,000 each to the Virgin Islands, Guam, and American Samoa and \$100,000 to each of the other States and the District of Columbia. The remainder of the appropriation shall be allotted to each State in the same proportion as the population of the State bears to the total U.S. population according to the most recent decennial census. The same procedure is followed in making allotments under title II (maximum authorization \$20 million) except that the basic grant is \$20,000 each for Guam, American Samoa, and the Virgin Islands, and \$80,000 for each of the other States and the District of Columbia.

Allotments to the States under title I must be matched with funds from State and local sources. The percentage of matching funds required is that percentage which bears the same ratio to 50 percent as the per capita income of the State bears to the per capita income of the United States. One exception to this procedure is that the Federal percentage (share) shall in no case be more than 66 percent or less than 33 percent. The basic fiscal requirements to be met by the States are (1) sufficient matching funds to enable the State to receive at least the basic allotment; (2) total State and local funds of an amount not less than the amount actually expended in areas to be covered by the plan in the fiscal year ending June 30, 1963; (3) an amount available for expenditure for public library services from State sources which is not less than that actually expended in the fiscal year ending June 30, 1963. The same procedure is followed in computing matching expenditures under title II except that the funds eligible to be included would be those used in the construction of public libraries.

*A partial listing of communities not now serviced by the Library Services Act is shown on the following table of urbanized areas according to population, 1960*

Rank	Urbanized area	Population
1	New York-northeastern New Jersey	14,114,927
2	Los Angeles-Long Beach, Calif.	6,488,791
3	Chicago-northwestern Indiana	5,959,213
4	Philadelphia, Pa.-New Jersey	3,635,228
5	Detroit, Mich.	3,537,709
6	San Francisco-Oakland, Calif.	2,430,663
7	Boston, Mass.	2,413,236
8	Washington, D.C.-Maryland-Virginia	1,808,423
9	Pittsburgh, Pa.	1,804,400
10	Cleveland, Ohio	1,784,991
11	St. Louis, Mo.-Illinois	1,667,693
12	Baltimore, Md.	1,418,948
13	Minneapolis-St. Paul, Minn.	1,377,143
14	Milwaukee, Wis.	1,149,997
15	Houston, Tex.	1,139,678
16	Buffalo, N.Y.	1,054,370
17	Cincinnati, Ohio-Kentucky	993,598
18	Dallas, Tex.	932,349
19	Kansas City, Mo.-Kans.	921,121
20	Seattle, Wash.	864,109
21	Miami, Fla.	852,705
22	New Orleans, La.	845,237
23	San Diego, Calif.	836,175
24	Denver, Colo.	803,624
25	Atlanta, Ga.	768,125
26	Providence-Pawtucket, R.I.-Massachusetts	659,542
27	Portland, Oreg.-Washington	651,685
28	San Antonio, Tex.	641,965
29	Indianapolis, Ind.	639,340
30	Columbus, Ohio	618,743
31	Louisville, Ky.-Indiana	606,659
32	San Jose, Calif.	602,805
33	Phoenix, Ariz.	552,043
34	Memphis, Tenn.	544,505
35	Birmingham, Ala.	521,330
36	Norfolk-Portsmouth, Va.	507,825
37	Fort Worth, Tex.	502,682
38	Dayton, Ohio	501,664
39	Rochester, N.Y.	493,402
40	Akron, Ohio	458,253
41	Albany-Schenectady-Troy, N.Y.	455,447
42	Sacramento, Calif.	451,920
43	Springfield-Chicopee-Holyoke, Mass.-Connecticut	449,777
44	Toledo, Ohio	438,283
45	Oklahoma City, Okla.	429,188

See footnote at end of table.

*A partial listing of communities not now serviced by the Library Services Act is shown on the following table of urbanized areas according to population, 1960—Con.*

Rank	Urbanized area	Population
46	Omaha, Nebr.-Iowa	389,881
47	Hartford, Conn.	381,619
48	San Bernardino-Riverside, Calif.	377,531
49	Youngstown-Warren, Ohio-Pennsylvania	372,748
50	Jacksonville, Fla.	372,569
51	Bridgeport, Conn.	366,654
52	Honolulu, Hawaii	351,336
53	Salt Lake City, Utah	348,661
54	Nashville, Tenn.	346,722
55	Richmond, Va.	333,438
56	Syracuse, N.Y.	333,286
57	St. Petersburg, Fla.	324,842
58	Fort Lauderdale-Hollywood, Fla.	319,951
59	Tampa, Fla.	301,790
60	Tulsa, Okla.	298,922
61	Grand Rapids, Mich.	294,230
62	Wichita, Kans.	292,138
63	Wilmington, Del.-New Jersey	283,667
64	New Haven, Conn.	278,794
65	Flint, Mich.	277,786
66	El Paso, Tex.	277,128
67	Mobile, Ala.	268,139
68	Allentown-Bethlehem, Pa.	256,016
69	Trenton, N.J.-Pennsylvania	242,401
70	Albuquerque, N. Mex.	241,216
71	Des Moines, Iowa	241,115
72	Wilkes-Barre, Pa.	233,932
73	Tucson, Ariz.	227,433
74	Davenport-Rock Island-Moline, Iowa-Illinois	227,176
75	Spokane, Wash.	226,938
76	Worcester, Mass.	225,446
77	South Bend, Ind.-Michigan	218,933
78	Tacoma, Wash.	214,930
79	Canton, Ohio	213,574
80	Fresno, Calif.	213,444
81	Scranton, Pa.	210,676
82	Charlotte, N.C.	209,551
83	Harrisburg, Pa.	209,501
84	Newport News-Hampton, Va.	208,874
85	Shreveport, La.	208,583
86	Chattanooga, Tenn.-Georgia	205,143
87	Orlando, Fla.	200,995
88	Baton Rouge, La.	193,485
89	Utica-Rome, N.Y.	187,779
90	Austin, Tex.	187,157
91	Pomona-Ontario, Calif.	186,547
92	Little Rock-North Little Rock, Ark.	185,017
93	Peoria, Ill.	181,432
94	Fort Wayne, Ind.	179,571
95	Erie, Pa.	177,433
96	Corpus Christi, Tex.	177,380
97	West Palm Beach, Fla.	172,835
98	Knoxville, Tenn.	172,734
99	Rockford, Ill.	171,681
100	Savannah, Ga.	169,887
101	Charleston, W. Va.	169,500
102	Lansing, Mich.	169,325
103	Stamford, Conn.	166,990
104	Lawrence-Haverhill, Mass.-New Hampshire	166,125
105	Huntington, W. Va., Ashland, Ky.-Ohio	165,732
106	Columbia, S.C.	162,601
107	Reading, Pa.	160,297
108	Charleston, S.C.	160,113
109	Columbus, Ga.-Alabama	158,382
110	Binghamton, N.Y.	158,141
111	Madison, Wis.	157,814
112	Jackson, Miss.	147,480
113	Duluth Minn.-Superior, Wis.	144,763
114	Evansville, Ind.	143,660
115	Montgomery, Ala.	142,893
116	Lorain-Elyria, Ohio	142,860
117	Bakersfield, Calif.	141,763
118	Waterbury, Conn.	141,626
119	Stockton, Calif.	141,604
120	Amarillo, Tex.	137,969
121	Lincoln, Nebr.	136,220
122	Lubbock, Tex.	129,289
123	Saginaw, Mich.	129,215
124	Winston-Salem, N.C.	128,176
125	Pensacola, Fla.	128,049
126	Greenville, S.C.	126,887
127	New Bedford, Mass.	126,657
128	Atlantic City, N.J.	124,902
129	Roanoke, Va.	124,752
130	Fall River, Mass.-Rhode Island	123,951
131	Augusta, Ga.-South Carolina	123,698
132	Greensboro, N.C.	123,334
133	Ogden Utah	121,927
134	Topeka, Kans.	119,500
135	Beaumont, Tex.	119,178
136	Lowell, Mass.	118,547
137	Galveston-Texas City, Tex.	118,482
138	Joliet, Ill.	116,585
139	Port Arthur, Tex.	116,365
140	Waco, Tex.	116,163
141	Kalamazoo, Mich.	115,659

See footnote at end of table.

A partial<sup>1</sup> listing of communities not now serviced by the Library Services Act is shown on the following table of urbanized areas according to population, 1960—Con.

Rank	Urbanized area	Population
142	Ann Arbor, Mich.....	115,282
143	Macon, Ga.....	114,161
144	Lexington, Ky.....	111,940
145	Portland, Maine.....	111,701
146	Springfield, Ill.....	111,403
147	Brockton, Mass.....	111,315
148	Cedar Rapids, Iowa.....	105,118
149	Pueblo, Colo.....	103,336
150	Waterloo, Iowa.....	102,827
151	Wichita Falls, Tex.....	102,104
152	York, Pa.....	100,872
153	Colorado Springs, Colo.....	100,220

<sup>1</sup> Urbanized areas in excess of 100,000 population.

Mr. TOWER. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, and that the time necessary for the call of the roll be not charged to either side.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that further proceedings under the quorum call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### EXPENSES OF COMMITTEE ATTENDING FUNERAL OF THE LATE PRESIDENT JOHN F. KENNEDY

Mr. MORSE. Mr. President, I ask unanimous consent that the Senate may act on a resolution without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I send to the desk a resolution, and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be read.

The legislative clerk read the solution (S. Res. 229), as follows:

*Resolved*, That the Secretary of the Senate is hereby authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed to attend the funeral of the Honorable John Fitzgerald Kennedy, late President of the United States of America, on vouchers to be approved by the chairman of the Committee on Rules and Administration.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and unanimously agreed to.

#### AMENDMENT OF LIBRARY SERVICES ACT

The Senate resumed the consideration of the bill (S. 2265) to amend the Library

Services Act in order to increase the amount of assistance under such act and to extend such assistance to nonrural areas.

Mr. TOWER. Mr. President, I yield myself 5 minutes on the bill.

Mr. President, this amendment to the Library Services Act makes some rather substantial and, I think, significant changes by striking out all previous references to "rural areas," thus opening the bill to all urban areas, in direct contradiction of the original purposes of the act.

Further changes were made by increasing the authorization from \$7.5 million to \$25 million for 3 years at a time of budget deficit and a plea for a tax cut.

It would add a new \$20-million 3-year program of Federal financial assistance to construction of public libraries—a field that has been carefully and correctly avoided by the Federal Government heretofore.

The original act was envisioned as a 5-year pilot program to improve library services in rural areas suffering from inadequate library service.

The present bill radically departs from the intent of the original law in these ways:

The program is proposed to be extended into all rural and urban areas, whether or not they have inadequate library services at this time.

The Federal Government becomes a party to library construction which previously had been scrupulously left with State, local, and private philanthropic efforts. Thus, it is possible that the Federal Government will now be enabled, through a Washington bureaucrat, to decide and to dictate: what towns and cities will get libraries and library improvements; how big libraries will be, and who will be the librarians; and even perhaps, ultimately and eventually, what books would be provided under the authorization for Federal financial assistance for libraries.

When the program was begun, the committees of the Congress expressly noted that they did not expect it to be continued beyond 5 years; but, instead, expected it to stimulate local and State library services. Now, in connection with this bill, it is contended that the local, State, and private facilities have not done and cannot do the job; and it is asserted that only the Federal Government can do the job of maintaining the American library system. We are asked to open the door to a system of Federal libraries, controlled by the Federal Government at some possible future day.

What is being said, in effect, is that library needs have not been met through local initiative and responsibility. I think it is presumptuous to say that only the Federal Government can recognize the need of local communities in this respect, and that only the Federal Government is able to meet those needs.

Our very fine system of public libraries throughout the country has largely been the result of community and philanthropic efforts, and has not come under the auspices of the Federal Government.

We often hear talk in this body about the State and local governments having failed to meet their educational responsibilities. Our system of free public education was initiated by people acting as citizens of communities and States.

There are fine library facilities in the country that have been the result of local initiative.

I suspect that Andrew Carnegie would hardly be enraptured with the idea of the Federal Government taking over the library and book field. This is one area of communication that the Federal Government should stay out of. I, therefore, urge defeat of the pending measure.

Mr. MORSE. Mr. President, I yield such time as he needs to the Senator from New Hampshire [Mr. McINTYRE].

Mr. McINTYRE. Mr. President, I strongly support the enactment of S. 2265, which would remove the restrictive population ceiling of 10,000 from the present Library Services Act; increase the authorization for services from \$7.5 to \$25 million; and in addition would provide \$20 million in matching grants for greatly needed public library construction.

We are living in a complex and rapidly changing age. It is an age built upon the creation, the collection, and the rapid dissemination of accurate information. At the very heart of this communications chain stands the American free public library which collects and makes available books and other materials to all who have need of them. A good public library provides the necessary continuity in our democratic tradition and serves as the springboard into the future growth of the individual and of society.

On every single issue of major importance, our citizens turn to their public library. If they are to make intelligent choices and decisions in their daily lives, they must be provided with information which is pertinent, dependable, and up to date.

I am proud of the achievements in New Hampshire under the present Library Services Act. More than 320,000 rural residents in my State have received new or improved services under this program. Four new bookmobiles have been purchased and are, at this moment, making good reading available to widely scattered residents on farms and in small communities. Using grant funds as well as local appropriations, 32 small libraries are now cooperating in a book purchase pool. This greater buying power plus the elimination of unnecessary duplication assures the most efficient and economical use of funds.

New Hampshire has been able to apply Library Services Act funds directly into an efficient on-going program of statewide library development, but two limitations in the present program have hampered and restricted progress. S. 2265, the Library Services and Construction Act, will remove both these limitations. First, it will extend benefits to urban as well as rural areas. This

means that for the first time the well-developed libraries in such places as Laconia, Concord, Dover, Keene, Manchester, Nashua, and Portsmouth can be incorporated into a comprehensive plan which will make all the library resources of the State more widely and conveniently available. By building on present strengths, the quality of the library services extended to rural and suburban areas will be of much higher quality.

Second, S. 2265 will provide matching grants to stimulate the more rapid construction of public library buildings. A 1961 survey showed that thousands of New Hampshire residents were forced to use libraries which are obsolete, overcrowded, poorly equipped, and in some cases, downright dangerous. Approximately 65 percent of the public library buildings in New Hampshire were constructed before World War I and they have in common a high architectural resistance to modernization or expansion. Many libraries have had to reduce or seriously limit their service to students because there is just no room for all those who need space to choose and to use library books and other materials. S. 2265 will give New Hampshire communities a new incentive to correct these serious limitations.

New Hampshire librarians, library trustees, educators, and others have been giving serious study to library service improvement. This bill will assist them greatly in offering the public services which are so much in the national interest.

I am in complete agreement with our able State librarian, Mrs. Mildred McKay, who recently said:

Libraries in New Hampshire have been brought to an important threshold of development, through the impetus of Federal assistance under the Library Services Act. It is appropriate, in my opinion, that the Federal Government continue to expand its share in the development of library services for all of the people of this country, if they are to fulfill with wisdom their responsibilities as citizens.

I urge, therefore, the prompt enactment of S. 2265.

Mr. MORSE. Mr. President, I should like to have the attention of the Senator from Colorado and the Senator from Texas. One hour is available for debate on the entire bill and amendments to it. I should like to ask the Chair how much time remains on each side.

The PRESIDING OFFICER. Thirty-four minutes remain on the bill. Divided between both sides, that means that 17 minutes are available to each side.

Mr. MORSE. Mr. President, I have used more time than the opposition has used this morning.

Mr. TOWER. The Senator from Oregon has used more time than we have.

Mr. MORSE. I have used a little more time than has the opposition, but not much more. I suggest that whatever time I have used should be charged against the 30 minutes on my side, and that whatever time the Senator from Texas has used be charged against the 30 minutes on his side.

The PRESIDING OFFICER. The Parliamentarian will have to recompute the time allotment in the absence of

agreement between the two sides as to how much time has been used.

Mr. MORSE. Mr. President, what is the total time that remains?

The PRESIDING OFFICER. Thirty-four minutes remain.

Mr. MORSE. Mr. President, I ask unanimous consent that 20 minutes of the remaining time be assigned to the opposition and 14 minutes be assigned to Senators who are in favor of the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. TOWER. I appreciate the generous gesture of the Senator from Oregon. I do not know that we will use all the time available to us. I should like to make some time available to Senators who wish to speak against the bill.

Mr. ALLOTT. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Colorado [Mr. ALLOTT] proposes to strike out title II of the bill, as follows:

TITLE II—PUBLIC LIBRARY CONSTRUCTION  
Authorization of appropriations

SEC. 201. There are authorized to be appropriated for the fiscal year ending June 30, 1964, the sum of \$20,000,000, and for each of the next two fiscal years such sums as the Congress may determine, which shall be used for making payments to States, which have submitted and had approved by the Commissioner, State plans for the construction of public libraries.

Allotments

SEC. 202. From the sums appropriated pursuant to section 201 for each fiscal year, the Commissioner shall allot \$20,000 each to Guam, American Samoa, and the Virgin Islands, and \$80,000 to each of the other States, and shall allot to each State such part of the remainder of such sums as the population of the State bears to the population of the United States, according to the most recent decennial census. A State's allotment under this subsection for any fiscal year shall be available for payments with respect to construction projects approved, under its State plan approved under section 203, during such year or (but only in the case of a State allotment for the fiscal year ending June 30, 1964) the next fiscal year.

State plans for construction

SEC. 203. (a) To be approved for purposes of this title a State plan for construction of public libraries must—

(1) meet the requirements of paragraphs (1), (2), (4), and (5) of section 103(a);

(2) set forth criteria and procedures for approval of projects for construction of public library facilities which are designed to insure that priority will be given to projects for facilities to serve areas having, in the judgment of the State library administrative agency, the greatest need for additional facilities and which give consideration to the educational needs of people of all ages, including students;

(3) provide assurance that every local or other public agency whose application for funds under the plan with respect to a project for construction of public library facilities is denied will be given an opportunity for a fair hearing before the State library administrative agency; and

(4) provide assurance that all laborers and mechanics employed by contractors or subcontractors on all construction projects assisted under this Act shall be paid wages at rates not less than those prevailing on similar

construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276c-5); and the Secretary of Labor shall have with respect to the labor standards specified in this paragraph the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. 1332-15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

(b) The Commissioner shall approve any plan which fulfills the conditions specified in subsection (a) of this section.

Payments to States

SEC. 204 (a) From its allotment available therefor under section 202 each State shall be entitled to receive an amount equal to the Federal share (as determined under section 104) of projects approved, during the period for which such allotment is available, under the State plan of such State approved under section 203.

(b) The Commissioner shall from time to time estimate the amount to which a State is entitled under subsection (a), and such amount shall be paid to the State, at such time or times, and in such installments as the Commissioner shall determine, after necessary adjustment on account of any previously made underpayments or overpayments.

Mr. ALLOTT. Mr. President, I believe that most Members of the Senate will recall that when the act was originally passed, the Senator from Colorado was one of the sponsors and at that time spoke at some length in support of the bill.

At that time we were told that what was needed was a 5-year program, and the extension of library service into rural areas. Having lived in a rural area for most of my adult life, I could understand the need and the demand for such service.

When the original act expired, those who were interested in the bill came to Members of Congress—and I must say that I was well acquainted with the original act, because at that time I was a member of the Committee on Labor and Public Welfare—and told us that if they could have another extension, that would be the last.

I wish to make my own position on this subject very clear. I am speaking upon the pending amendment. Because I have encountered some difficulties with the technique of drafting another amendment, I may withdraw the pending amendment and offer another as soon as it is available. However, I wish to speak on the bill, and then on the pending amendment.

Two things about the bill concern me. First, the appropriation for this year would be \$25 million and, as I read the bill and as I understand it—and I believe I do understand it—it is an open-end authorization for the next 2 years. If I am not correct about this I am perfectly willing to have Senators who are members of the committee correct me. However, I am sure that I am correct.

I firmly believe that if we are to have an informed citizenry, books and other reading material must be available for our people.

I have spent more of my younger life in a library than almost anywhere else, and have been a voracious reader from the time I was 8. Therefore, I can fully appreciate what library facilities

mean to our boys and girls, and also to adults.

Last week I had a long talk with Mr. Gordon Bennett, State librarian of the State of Colorado. He promised to provide some figures for me, but they are not available to me as yet. However, he informs me that on a population percentage basis the use of our libraries is increasing.

Much of the "pulp" that is now published under the guise of books is not worth the paper on which it is printed.

I believe the purpose of the bill is good. It is necessary for the welfare of the people that they have access not merely to technical information, but to good, well-written information in every conceivable category. To the average person, such reading is available only at a library.

I have been deluged with letters and telegrams, and even telephone calls, from people in my own State, and also from outside my State, to support the bill.

To me, the real question is: Which way shall we proceed? Frankly, I shall never support, in any instance, an open-end authorization, such as the bill provides. To me, it is inconceivable that Congress, particularly in view of the situation in which the Nation finds itself today, in which we shall face another \$9 billion deficit by July 1, perhaps more if some budget-balancing activities do not take place, and if the tax bill should be passed later this year, should make open-end authorizations. Particularly in view of the unsettled conditions that may prevail for a while as a result of the tragic events of the last few days, it is not unlikely that there may be a deficit of from \$9 billion to \$13 billion in each of several years to come.

I cannot and do not follow the philosophy that we can spend ourselves into prosperity by borrowing from ourselves. Much has been said in recent days about the great need for growth of the gross national product. In this particular year it has reached a new high level. However, I do not agree that we will necessarily follow a wise course merely by calculating the percentage of our national debt as compared with our population and the percentage of the gross national product as compared with the national debt. From my point of view, that does not make sense.

As to what should be done about the bill under consideration, I should like to pose a query to the Senator from Oregon. I am sorry to say that I have seldom been able to change his mind; nevertheless, he always listens with affability and courtesy. I should like to ask him a question and have him answer it on my own time: Would he accept an amendment which would place a limitation in the bill for certain years? The bill already provides \$25 million for this year; but would he agree to a limitation of \$25 million on the amount to be authorized for each of the next 2 years?

Mr. TOWER. Mr. President, will the Senator from Colorado first yield to me?

Mr. ALLOTT. I am happy to yield.

Mr. TOWER. I join the Senator from Colorado in urging the distinguished Senator from Oregon to accept this most

constructive amendment. I believe it would remove much of the objection to the measure.

Mr. MORSE. Mr. President, will the Senator from Colorado permit me to ask him a question?

Mr. ALLOTT. Certainly.

Mr. MORSE. Is the Senator's proposal to provide \$25 million for each year of the 3-year period?

Mr. ALLOTT. That is what I meant. I wish to make it perfectly clear that, as a member of the Committee on Appropriations and as one who has to wrestle, week in and week out, month in and month out, with the problem of trying to conserve dollars to meet all the needs that confront the Government, I was trying to guard against any open-ended authorization, to which I would object on principle.

Mr. MORSE. Mr. President, will the Senator further yield?

Mr. ALLOTT. I yield.

Mr. MORSE. Would the Senator agree also to a provision for \$20 million for the construction fund in each year?

Mr. ALLOTT. I had not come to that provision yet.

Mr. MORSE. Let us consider it now. The Senator has said that I never change my mind. He and I, through mutual understandings, have often solved problems in what we considered to be the public interest. I will accept \$25 million a year for each of 3 years for library services and \$20 million a year for each of 3 years for library construction.

Mr. ALLOTT. I am deeply appreciative of the Senator's proposal.

Mr. President, I presented the amendment now being considered before receiving my formal amendment. I should like to withdraw the pending amendment. I ask the Chair, as a parliamentary inquiry, if I would have the right to offer this amendment again.

The PRESIDING OFFICER. If the Senator from Colorado withdraws the amendment, he will have the right to reoffer it.

Mr. MORSE. I think we can save the remaining time we have. With the approval of the Senate, I should like to modify the bill along these lines, so as to provide \$20 million a year for each of 3 years for library construction and \$25 million a year for each of 3 years for library services.

Mr. ALLOTT. Mr. President, I withdraw the amendment I have offered, and now offer an amendment which would correct the open-end authorization. So far as I am concerned, if the limitation is made on the construction facilities as well as on the services—

Mr. MORSE. That is what I am proposing.

Mr. ALLOTT. I would have no objection.

Mr. MORSE. I propose to modify the bill by providing \$20 million for each of 3 years for library construction, and \$25 million for each of 3 years for library services.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado will be stated.

The LEGISLATIVE CLERK. On page 3, line 2, it is proposed to strike out

"such sums as the Congress may determine," and insert in lieu thereof "not to exceed \$25 million".

Mr. ALLOTT. If Senators will turn to page 5 of the bill, line 12, I would be prepared to offer a subsequent amendment, in line 12, to read: "for each of the next two fiscal years a sum not in excess of \$20 million" instead of the words "such sums as the Congress may determine."

Mr. MORSE. I would accept that amendment.

Mr. ALLOTT. Mr. President, I ask unanimous consent that I may include my second amendment with my first. Then I would be prepared to yield back the remainder of my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, has the amendment been agreed to?

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Colorado.

The amendment, as modified, was agreed to.

Mr. TOWER. Mr. President, if the Senator from Colorado has no further amendment, I am prepared to yield back the remainder of my time.

Mr. MORSE. Mr. President, before I yield back the remainder of my time, I yield 3 minutes to the distinguished Senator from Alaska.

Mr. GRUENING. Mr. President, I rise in support of Senate bill 2265, to amend the Library Services Act.

Public libraries are an essential concomitant of civilization. They signify and provide education in a new dimension. They supplement the grade schools and the high schools. They supply education to adults who are beyond the reach of our formal educational institutions—beyond the schools, because, obviously, "grown ups" are far beyond school age; beyond the universities, because adults are engaged in earning a livelihood, and have family responsibilities.

So the libraries furnish information and education to our adult citizens who cannot otherwise obtain them.

If there is one thing which is axiomatic about our democracy it is that it can function well only if we have an informed electorate. Informing the electorate is an increasingly difficult task, in view of the increasing complexity of the problems confronting Government and society in general. Libraries are one partial answer to the problem of informing the public, and making people knowledgeable concerning issues on which they will be expected to vote.

A good local, a good municipal library will have—or should have—an ample supply of current magazines. Many persons subscribe to a few magazines but few persons can afford the gamut of contemporary publications which treat of the great variety of current problems—economic, social, political, and technical. Senate bill 2265 will be helpful in assisting the libraries to render a better, more complete, more diversified service.

Furthermore, I think it important for people in a free society to learn early to love and to use books. Once they learn

that, their lives will be enriched. A person who is at home with books, who is a reader, will never be wholly lonesome. A good book is a good companion. We should do our utmost to inculcate the love of books, and their use.

In Alaska, with its many small, scattered, isolated communities, a local library is, and should be, an indispensable adjunct to the better life. In Alaskan communities, the majority of which are isolated as no other American communities are, in that they cannot be reached by either highway or railway, a library is a link with the outside world—a link which its people sorely need.

Our 49th State has done well within its limited means, in its efforts to supply such library services. I have only praise for those efforts, but more is needed and can be put to the finest possible use.

The proposed amendment to the Library Services Act will help improve the existing services not only in Alaska, but elsewhere throughout our Union.

I hope the Senate will act favorably on this measure.

Mr. ALLOTT. Mr. President, will the Senator from Texas yield 2 minutes to me?

Mr. TOWER. I yield 2 minutes to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado is recognized for 2 minutes.

Mr. ALLOTT. Mr. President, I wish to express to the distinguished Senator from Oregon [Mr. MORSE] my appreciation, because I feel that as a result of the amendment as modified, the bill will receive better consideration in the House of Representatives, for I believe the Members of the House share my view that Congress should never pass an open-end authorization bill. So I appreciate very much the consideration which has been given to the modified amendment.

Mr. President, I wish to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Colorado will state it.

Mr. ALLOTT. Do I correctly understand that the modified amendment has been adopted?

The PRESIDING OFFICER. That is correct.

Mr. ALLOTT. I thank the Chair.

Mr. MORSE. Let me say to the Senator from Colorado that I believe that by means of the agreement which has been entered into and by means of the adoption of these amendments, the bill has been strengthened.

Mr. President, in brief rebuttal to the statement made by the Senator from Texas—who said that under the bill the Government would have more control over the libraries than it would have had in the absence of the bill—I wish to state that the present law will not be changed in that respect in any way. The existing law reads as follows:

SEC. 2. (b) The provisions of this Act shall not be so construed as to interfere with State and local initiative and responsibility in the conduct of public library services. The administration of public libraries, the selection of personnel and library books, and, insofar as consistent with the purposes of this Act, the determination of the best uses of the funds provided under this Act shall

be reserved to the States and their local subdivisions.

That is the law now, and it will remain the law. It will not be changed in any way by means of this bill. This measure will not provide the Federal Government with any more administrative authority over the internal administration of the public libraries than did the 1956 act.

Mr. President, I ask unanimous consent that there may be printed at this point in the RECORD certain material which I did not have to use in the debate; and I ask that it may be edited by me.

The PRESIDING OFFICER. Without objection, it is so ordered.

The material submitted by Mr. MORSE is as follows:

NEED FOR EXPANDED LIBRARY SERVICES AND LIBRARY CONSTRUCTION ASSISTANCE WITHOUT POPULATION LIMITATIONS

The complex and rapidly changing demands now being placed on all American public libraries can be effectively and economically met only by fully involving every existing library resource. The key to providing library services of excellence to our rural and suburban areas is the large well-established library in urban centers. Three and two-tenths percent of all our libraries in urban areas serve 44 percent of our population, or about 80.4 million citizens.

The rapid growth of our urban and urban fringe areas and the amazing mobility of American families both demand public library services of consistently high quality throughout the country. The student, the research worker, and the professional specialist, regardless of where they live, all look toward the comprehensive collections of our urban libraries. To exclude these large libraries would be uneconomical and inefficient.

A recent study of reference users at the Boston Public Library, for example, revealed that about one-half were not residents of the city but lived in the smaller surrounding communities. Spot checks in the main reference libraries in New York, Philadelphia, and St. Louis have indicated an identical situation.

Newark, N.J., a city of over 400,000 persons recently sampled about 20,000 users of the main city library. Of this number, 50.8 percent were nonresidents of the city and a substantial number of these were from out-of-State communities. The college students in the sample represented 175 different institutions of higher education in 30 different States. Students of all ages, both resident and nonresident, accounted for 64 percent of the total sample.

Facts like these, repeated in all of our large urban libraries, show conclusively that library users will go to whatever library seems most likely to have the material they need. Library users are treating all American public libraries as if they were part of one unified system. By completely removing any artificial limitation of population, we are recognizing the essential unity of all public libraries of whatever size. Only in this way can we assure the maximum economical use of all available resources.

The Los Angeles County Librarian recently noted, "Library service is as unique governmentally as the public schools, and as an educational facility it merits special identification for its financing. In metropolitan regions it should properly function on as broad a basis as water supply, air pollution control, public transportation, and other area-wide utilities and facilities that overlap jurisdictional boundaries and call for coordinated master planning."

To exclude libraries serving more than 100,000 persons from participation in the Library Services Act would be to deny library planners access to the greatest and most valuable resources available to them.

If population limits are placed on title I and II of S. 2265 they would adversely affect well over 150 communities in 37 States.

Let me cite just a few of the cities of our country which would be discriminated against if the limitation were adopted:

In Alabama, the cities of Birmingham, Mobile and Montgomery; in Arizona, Phoenix and Tucson; 14 cities in California, including both San Francisco and Los Angeles; Miami, Tampa, Jacksonville, St. Petersburg in Florida; Atlanta, Columbus, and Savannah in Georgia; Chicago, Peoria, Rockford in Illinois; Minneapolis, St. Paul, Duluth in Minnesota; Omaha and Lincoln in Nebraska; Oklahoma City and Tulsa in Oklahoma; Norfolk, Richmond, Portsmouth and Newport News in Virginia; Seattle, Spokane, Tacoma in Washington.

The population limitation strikes at the very heart of the purposes of the administration's comprehensive education bill as it affects the desired improvement and expansion of our public library system. It would eliminate from the benefits of the act over 50 million people.

The variety and magnitude of resources and services demanded of public libraries today makes it impossible to plan adequate service programs without considering the need for good physical facilities. Title II of S. 2265 would authorize allotments for the construction of public library buildings. This provision is based on two well-tested principles: first, the preparation by each State of a State plan, and, second, the requirement for State and local matching expenditures.

The average age of public library buildings is estimated at 53 years. Fifty-three years ago our population was about 92 million; today it is about double that figure. Even if library use were unchanged, a 53-year-old building would be completely unable to house the needed materials and to provide users with sufficient space to consult them. The growth in the number and in the demands of students alone have severely overtaxed the ability of these outmoded buildings to provide needed services. This modest incentive from Federal funds will give localities the needed encouragement to meet their needs for better libraries.

The Library Services and Construction Act is a partnership program in which the Federal Government joins with State and local units to provide all citizens with good libraries. Our need to produce well-informed citizens capable of making sound and mature decisions is of nationwide concern. The act specifically provides that State and local initiative and responsibility in the conduct of public library services shall not be interfered with, and reserves to the States and their local subdivisions the administration of public libraries, the selection of personnel and of library books, and the determination of priorities for the best use of funds. This bill will stimulate and provide matching financial support which will enable State and local library agencies to implement their own decisions and priorities.

Mr. MORSE. Mr. President, I am ready to yield back the remainder of the time under my control.

Mr. TOWER. Mr. President, I yield back the remaining time under my control.

Mr. MORSE. Mr. President, I suggest the absence of a quorum, and request that the time required for it not be charged to the time available to either side.

The PRESIDING OFFICER. Without objection, it is so ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I wish Senators to realize that we have modified the bill so as to eliminate the so-called open-end authorization section, by providing, for public library construction, an authorization of \$20 million for the fiscal year ending June 30, 1964, and an authorization of \$20 million for each of the next 2 fiscal years; and for library services, an authorization of \$25 million for the fiscal year ending June 30, 1964, and of not to exceed \$25 million for each of the next 2 fiscal years, rather than to have the bill provide an open-end authorization; namely, "such sums as the Congress may determine" which was in the bill as it came from committee.

I think these amendments strengthen the bill and place Congress in a position to determine, following the end of the 3-year period, the further amounts of money it will then need to authorize.

Although some may prefer the so-called open-end authorization, there is no doubt that the amount of authorization which has been agreed to will be exceedingly helpful to the program, and, I believe, will make a fair adjustment of our differences.

Mr. TOWER. Mr. President, I wish to suggest the absence of a quorum.

Mr. MORSE. Mr. President, the Senator from Texas has pointed out to me that there is in session a meeting of Republican Senators which makes it necessary that a little time be provided. Senators on this side of the aisle are often in a similar position. Therefore, Mr. President, I suggest the absence of a quorum, and request that the time required for it be not charged to the time available to either side under the agreement. This will be a live quorum.

The PRESIDING OFFICER. Without objection, it is so ordered; and the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered their names:

	[No. 254 Leg.]	
Alken	Fong	McCarthy
Allott	Fulbright	McClellan
Anderson	Goldwater	McGee
Bartlett	Gore	McGovern
Bayh	Gruening	McIntyre
Beall	Hart	McNamara
Bennett	Hartke	Mechem
Bible	Hayden	Metcalfe
Boggs	Hickenlooper	Miller
Brewster	Hill	Monroney
Burdick	Holland	Morse
Byrd, Va.	Hruska	Morton
Byrd, W. Va.	Humphrey	Moss
Cannon	Inouye	Mundt
Carlson	Jackson	Muskie
Case	Javits	Nelson
Church	Johnston	Neuberger
Clark	Jordan, N.C.	Pastore
Cooper	Jordan, Idaho	Pearson
Curtis	Keating	Pell
Dirksen	Kennedy	Proxmire
Dodd	Kuchel	Randolph
Douglas	Lausche	Ribicoff
Eastland	Long, Mo.	Robertson
Edmondson	Long, La.	Saltmire
Ellender	Magnuson	Scott
Ervin	Mansfield	

Simpson  
Smathers  
Smith  
Sparkman  
Stennis

Symington  
Talmadge  
Thurmond  
Tower  
Walters

Williams, N.J.  
Williams, Del.  
Yarborough  
Young, N. Dak.  
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from Georgia [Mr. RUSSELL] is absent on official business.

I also announce that the Senator from California [Mr. ENGLISH] is absent because of illness.

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK] is necessarily absent.

The Senator from New Hampshire [Mr. COTTON] is detained on official business.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). A quorum is present.

The bill is open to further amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

Mr. MORSE. Madam President, before the Senate proceeds to a third reading of the bill, in fairness to my colleagues—I do not believe any more amendments are to be offered; and I certainly hope not—I want Senators to know that the Senate has agreed to an amendment to eliminate the open-end authorization and in substitution therefore to take the same figures for each of 3 years. I believe that strengthens the bill. The figures are \$20 million for each of 3 years for construction and \$25 million for each of 3 years for library services.

Mr. PASTORE. Madam President, will the Senator yield?

Mr. MORSE. I yield.

Mr. PASTORE. Is there any distinction between helping urban areas, as compared with rural areas?

Mr. MORSE. None.

Mr. PASTORE. None whatsoever?

Mr. MORSE. None whatsoever.

Mr. YARBOROUGH. Madam President, will the distinguished Senator from Oregon yield?

Mr. MORSE. I yield to the Senator from Texas.

Mr. YARBOROUGH. I commend the distinguished senior Senator from Oregon for his leadership in this field.

#### LIBRARY SERVICES ACT NEEDED IN TEXAS AND IN THE NATION

Madam President, as a cosponsor with the distinguished chairman of the Labor and Public Welfare Committee, the chairman of the Education Subcommittee and with many other additional colleagues in the Senate of the original extension of the Library Services Act in 1960, I rise with enthusiasm today in support of S. 2265, a bill to amend the Library Services Act so as to extend its benefits to all the people of the Nation and to authorize funds for the construction of public library buildings. I commend the senior Senator from Oregon and the senior Senator from Alabama for their leadership in this field. It is one I have long supported and worked for.

An investment in public libraries is an investment in the intellectual resources of our Nation. The library is a great storehouse of man's accumulated knowl-

edge and the foundation of an informed people. Citizens of all ages may educate themselves on a continuing basis through use of a well-stocked library and the services of trained librarians. A good library offers free access to the tools for intelligent decisionmaking—and both small and far-reaching decisions are important to all our lives.

The current Library Services Act recognizes this and has as its purpose the extension and improvement of public library services in rural areas through incentive grants to the States. Under this act, in Texas some 82,000 rural people now have public libraries where there were none prior to the Library Services Act program. In addition, over 500,000 rural residents in 34 counties have improved or extended service. Texas has purchased five bookmobiles and these are operating in multicounty demonstration areas. Two of these multicounty bookmobile demonstrations have resulted in locally supported bookmobile services and the first county appropriations for such service. Local funds for public library service in rural areas of Texas have increased 113 percent since 1956. Unquestionably this increase is partially due to the stimulation of the Federal grant program. This record of accomplishment in Texas is reflected throughout the country.

We are proud of these gains in Texas but we recognize that we, like the rest of the Nation, must take many more giant strides forward to reach the goal of excellent public libraries for every citizen. Throughout the United States 18 million people still have no public library; this includes 850,000 citizens in Texas. One hundred and ten million Americans have access only to weak, substandard libraries. Two-thirds of the population of Texas has inadequate service.

According to the Library Services Act definition of rural communities—that is, those of less than 10,000 population—two-thirds of my State's population is in urban areas which cannot now participate in the present program. The bill before you now contemplates expansion of the present act to nonrural areas, so that public library deficiencies may be reduced wherever they exist.

Moreover, if the upgrading of public libraries is to be faced realistically, the problems of rural libraries cannot be divorced from those of town and city libraries. Activities of all sorts in sparsely populated regions are linked inevitably with the trading centers in the medium-sized and larger towns. Library services have this same necessary relationship. As the farmer feeds his resources into the town and city, so the city feeds back its strength into the rural community. The bigger and more widely representative book collections, the films and records and materials of the urban public library should be available for the increasingly complex reading interests and needs of the town's rural neighbors. Yet the town and city public library is not now able to meet the need of its immediate constituency, much less to fan out its collection throughout the countryside. The proposed amendment would ease the

way for urban and rural cooperation for the benefit of residents of both areas.

It should be remembered that such a partnership is and will continue to be a voluntary arrangement dependent upon the individual choice of the communities involved. Expansion of the Library Services Act in this fashion simply removes the present limitation to populations of 10,000 or less so as to allow cooperative development of rural and nonrural libraries where the communities find this relationship advantageous.

It is essential also that urban libraries be helped. The big population growth in cities and suburbs, causing heavy demands on libraries. More than 60 million people in metropolitan areas have inadequate public library service.

Just this year the Texas Library Association drafted a plan for statewide library development. This plan points out that:

Recently, Texans began to realize that industry employing highly educated people hesitates to locate in Texas because of the lack here of superior libraries and strong graduate programs in universities.

We want to attract industry and we want our libraries to be able to provide the services needed. This bill will help to build and strengthen the needed collections in urban libraries.

Related to the need for improved services is the equally pressing demand for adequate public library buildings. A modern library requires a well-planned building that is large enough to house books, staff, and users. Under the present Library Services Act the use of funds for the purchase or erection of buildings is not allowed.

It is now estimated that the median age of existing public library buildings is 53 years. The typical American public library building remains the familiar Carnegie edifice, most of which were planned and erected between 1896 and 1923. An accurate description of these buildings would inevitably include such observations as advanced age, lack of space, inflexible interior arrangements, construction which is difficult and expensive to repair or remodel, and maintenance costs which are extravagant by today's standards. If we consider the population growth since 1923 it is clear that these buildings are totally inadequate to house the needed books and provide readers with the space to use them. In just the one decade from 1950 to 1960 the number of frequent users of public libraries in the Nation increased by 2 million. The impact of population combined with recent changes in educational methods has produced conditions in which many public libraries are finding it necessary to turn away students as the available space becomes filled beyond capacity. Larger as well as more efficient public library buildings have become essential.

The provision in this act for library construction is based directly on the principles of State plans and of State and local matching expenditures which have proven their effectiveness in the administration of the present grant program. The allotments for construction would be made to the States in propor-

tion to their total population and would be matched by the States on the basis of their per capita income. For Texas, the maximum grant, based on population, would amount to \$911,540 and would require matching expenditures based on per capita income of \$713,308. This can prove an effective incentive to the further improvement of my State's public library facilities.

Our generation has learned that the need for educational opportunities of excellence does not stop with a degree, a diploma, or a certificate. Today's research is making yesterday's facts obsolete. Today's technology has abolished thousands of yesterday's jobs. Every significant social, educational, and economic trend in this country today is rapidly increasing the Nation's need for citizens who are better and more fully informed. The need for inservice training, job retraining, and the creation of new skills is more crucial today than ever before. Our formal educational system, at all levels, is placing new emphasis on individualized learning and independent study. The increased pace of Western civilization is producing a geometrically expanding body of knowledge which simultaneously creates a new urgency for rapid, accurate retrieval of recorded information. Good public libraries, stocked with currently useful materials and manned by well-trained librarians, have a central role in helping the individual to cope adequately with the demands today's society presents.

S. 2265 would assist our public libraries to rise to the needs of people in a complex and fast-moving world. I urge its passage with all haste to enrich the individual opportunities of every citizen.

Mr. McCARTHY. Madam President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Minnesota.

Mr. McCARTHY. Madam President, I commend the Committee on Labor and Public Welfare for its study of the library situation and for reporting the bill, S. 2265, to expand the Library Services Act of 1956. I support the committee bill and urge its adoption.

The Congress has demonstrated its concern to assist the educational effort of the Nation through a number of grant programs to the schools. Seven years ago we made a limited effort to assist the development of rural libraries. This bill expands the Library Services Act of 1956 by removing the limitation of assistance to areas of less than 10,000 population and by increasing the matching grant authorization. It also authorizes a new step in meeting the need for improved library facilities through a program of matching grants for public library buildings.

The amendments provided in this bill represent a somewhat delayed recognition of the importance of public libraries in the broad educational effort of the Nation. Statistical data are inadequate to prove the value of libraries in assisting citizens both in their individual development and as informed citizens in a democracy, but at this time in history it is almost a self-evident proposition.

Democratic government presupposes that the great majority of citizens be informed, but it also requires that the sources of truth be available to them.

Formal education ends for a majority of citizens before or about the time they become eligible to vote. Their continuing development is largely a matter of personal commitment to a variety of cultural and informal educational facilities. Much of this, of course, they secure through their personal resources, but the sources of knowledge which they need to draw on multiplies each year. It is impossible for the individual to secure for his personal and family use the wide variety of books, magazines and other educational and cultural materials now available and needed. Public libraries have an important role in providing citizens with materials for free inquiry and for cultural development and enjoyment. The committee hearings and report show the neglect of the public library systems and the need of a special effort to improve them. The experience gained through the very limited steps taken in the Library Services Act of 1956 is valuable in demonstrating how a modest program of grants can produce substantial improvement.

Reports which I have received from Minnesota show that 544,000 rural people have received new or improved library services as a result of the 1956 act. More than 80,000 of these citizens had no public library service before enactment of this legislation. Several county library systems have been established, and others have been enlarged and strengthened. The number of books loaned more than doubled between 1956 and 1960, and has continued to grow. The act of 1956 encouraged the Minnesota State Legislature to enact the first State-aid program for public libraries in the history of the State.

The present act has not and cannot provide all the assistance required. Minnesota public library facilities are near the national average, but it is estimated that over 600,000 citizens in the State still have no available public library service and at least an equal number have inadequate facilities.

I believe it is desirable to remove the 10,000 population limitation in the present act. Many of the smaller cities are, in fact, economic and social centers of surrounding rural communities. One effective and economical means of improving rural services would be to work through existing facilities in these smaller cities, now excluded from participating. This will give the States and the local communities greater freedom to make their own evaluation of how best to meet rural needs and, if they desire to do so, to work with these existing libraries in smaller cities to provide better services for citizens in the surrounding countryside.

The amendments provided in S. 2265 are constructive proposals to meet these needs in Minnesota and similar situations in other States throughout the Nation.

I ask unanimous consent that there be printed in the RECORD an article on Minnesota libraries by Hannis S. Smith, di-

rector of the Library Division of the Minnesota Department of Education. It was published in the March 1963 issue of the quarterly, *Minnesota Libraries*. This article, while not directly related to the proposal before the Senate, summarizes the trends and needs in Minnesota.

There being no objection, the article was ordered to be printed in the *RECORD*, as follows:

[From the *Minnesota Libraries*, Mar. 1963]

#### PUBLIC LIBRARY STATISTICS, 1962

(By Hannis S. Smith)

Public library service in Minnesota continues to show steady growth, but since 1960 it has grown more rapidly than usual. We can measure this by public library use and public library expenditures. Both of these show 1961 and 1962 increases much above recent averages, and recent average increases have been higher than the historical averages. Let us take a closer look at these developments.

#### PUBLIC LIBRARY USE

Mr. and Mrs. Average Minnesotan have always been good readers, library users and have encouraged their children to use libraries. Higher than national average figures would be expected in Minnesota since library use is definitely correlated with the extent of education. As our average educational level continues to rise, so will library use. Specifically, the total number of books borrowed from public libraries in Minnesota was nearly 15 million. This is between four and five books for every person in the population, and approaches six per capita for the population of an age which can be expected to be able to read.

The most important aspect of the 1962 figures is the rate of increase. While slightly lower in percentage than the 1961 increase, it is still far above the average for the last decade. This column in 1958 discusses the slump which appeared in library reading during the 1940's, calling it the "TV slump." Whatever the cause, it appears to be a thing of the past. And the increase in use is at a growing rate, now around three-quarters of a million books a year.

While it is not always possible to read the "tea leaves" of statistics with complete accuracy, we can still initiate some interpretations based on earlier studies and come out with some apparent implications of what is happening. It seems clear to this writer that the studies of library use made in the 1920's and 1930's are no longer adequate guides for library planning. The library profession has used these as guides for planning library facilities and services with considerable satisfaction for many years, but there are strong indications that we are beginning to need more space for seating the public, and more and more varied materials, than our fairly recent standards indicate. And if this trend continues, we are going to require more librarians than even the "exaggerated" estimates made some years ago on the basis of the standards.

#### LIBRARY AVAILABILITY

Library use appears to be definitely correlated with the quality of services available: Where the service begins to meet standards of quality, the quantity of use is relatively high. The word relatively is used to indicate what kinds of libraries should be compared with each other. The places where unexpectedly high rates of use appear are, generally speaking, places that extend library services free to a much larger population than their own taxing areas. This is repeatedly pointed out to the responsible library boards as being illegal, but it is still practiced in some places.

The gradual geographic spread of county and regional library systems, strengthening the small local libraries and providing direct service to rural populations, is serving two purposes: (1) It is improving the service to the villages and cities, and (2) creating a service for the rural area. The regional and county library statistics show that where these libraries are well supported and organized to extend readily available services throughout their territories, their rates of use approach, reach, or in some cases exceed the State average. This is indeed success for a rural system; especially so when we consider the distance many people must go to get service.

Although the figures now show only 19 percent of the population of the State without public library service, there are at least as many (650,000), if not more, people whose services are less than adequate. The general practice throughout the country is to regard a given population as served if there is a public library established to serve it which has any money to spend (not necessarily tax funds). Anyone who has visited any of the small, poorly supported public or county libraries knows that the population to which they are responsible is not really served in any meaningful sense. Perhaps we should work out a stricter and sounder definition for "population served." The 10 cents per capita minimum which we use for association libraries is, of course, meaningless now regardless of its previous validity.

Of the 205 different public libraries or library systems, only 17 systems meet the minimum standards for adequacy of service. But it should be stated at once that these 17 library systems are responsible for serving about half the entire population of the State. This is added evidence in favor of the continued spread of regional library systems into the presently inadequately served and unserved areas.

#### LIBRARY EXPENDITURES

Adequate library service costs money. It is normal to expect that, as the quality of library service is improved and the availability of adequate service spreads, there will necessarily be an increase in the amount of money spent. For the State, per capita expenditures for public library service rose from \$1.75 in 1961 to \$1.89 in 1962. For the population served the 1961 figure was \$2.17 compared with \$2.33 for 1962. The total sum in 1962 was just under \$6.5 million.

To use entirely theoretical considerations, if the presently unserved areas and their enclaves of service of varied degrees of adequacy or inadequacy, were all organized in ideally large units for public library systems, how much more would have to be spent in Minnesota to bring all service to an adequate level? Of course, no absolutely accurate figure can be quoted, but certainly a reasonable estimate can be made. Assuming that the \$3 per capita and 100,000 population or more are still valid, modern public library service for everybody in Minnesota would call for an additional expenditure of just over \$4.5 million more than was spent in 1962. This appears to be a large sum, but in reality the public library is one of the least expensive of all publicly supported institutions in proportion to the amount of service rendered. Insofar as can be ascertained, public library expenditures have never exceeded one-half of 1 percent of public expenditures in the United States, and in Minnesota for the last periods for which the figures were available public library expenditures amounted to just under one-half of 1 percent of all public expenditures of the State and its political subdivisions combined.

The approximately \$11 millions required for adequate service throughout Minnesota would still amount to less than 1 percent of 1960 public expenditures in the State.

#### BOOK COLLECTIONS

While the book collections of the county and regional libraries are growing at a rapid rate (doubling in the last 5 years) they are still not large enough to meet current demands. And in the metropolitan areas they are not growing much more rapidly than the population.

However, it is encouraging to note that book expenditures are a rising percentage of total library expenditures, having risen from an average of 16 percent per year for the last 10 years to 19 percent in 1962. The 1962 figures do not reflect the reimbursement grants from State aid to any extent.

The great need for more and more books, however, remains the basis for the State aid book grants for properly qualifying library systems.

#### THE SHADOW OF THE FUTURE

Last year this column pointed out the decline in the small public libraries sector of the statistics. The 1962 statistics appear to contain a slight reversal of that decline. This is deceptive. In reality, the more nearly completeness of the 1962 figures is the real difference, and such increases as appear are really due to the presence of more libraries reporting rather than any increase in the activity or support of the small libraries.

But that is not a shadow. The solution to the problem is known and needs only to be applied. The regional systems are the obvious answer.

But there is a shadow beginning to show. It lies in the possibility that the librarians, library trustees, and the public officials responsible for public library establishment and support are underestimating the demand which the general public will call upon the public library to meet in the very near future. We have already discussed the trend toward the extinction of the small public library when it can fulfill none of the demands which its public makes upon it. Such threat as may reside in the shadow of the future—a general underestimation of the potential public use of libraries—may lie in the direction of a breakdown of existing facilities and personnel under the strain of an overburden of work.

Mr. BARTLETT. Madam President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Alaska.

#### SEWARD'S LIBRARY IS NO FOLLY

Mr. BARTLETT. Madam President, sometimes here in the Senate, with the full and magnificent facilities of the Library of Congress at our disposal, we forget how valued, how useful, how loved libraries are in small towns across the Nation. This is especially true in the more remote parts of the Nation where often the library serves as a connecting link between the community and the world of ideas beyond its borders.

Often a community must make sacrifices to obtain and to keep its library. These sacrifices are always willingly made, cheerfully carried out. Nowhere have I read a better account of such community effort to preserve its library than in a recent story which appeared in the Anchorage Daily Times of November 15. The city of Seward, Alaska, is to be congratulated for its efficient work in behalf of its local library. I ask unanimous consent that this article may be printed in the *RECORD* in full at the conclusion of my remarks.

The PRESIDING OFFICER. Is there objection to the request by the Senator

from Alaska? The Chair hears none, and it is so ordered.

(See exhibit 1).

Mr. BARTLETT. Madam President, citizens in Seward who have worked so hard to make their library an active, lively service are representative of other citizens in other cities across Alaska. They have done much to assist the intellectual life and the education efforts of the cities in which they live. They have received significant assistance in their work from the Library Services Act. This act has served to encourage the establishment and growth of libraries in our smaller communities across the country.

For this reason I am pleased to cast my vote today for the extension of the Library Services Act, S. 2265.

#### EXHIBIT 1

##### A COMMUNITY EFFORT

SEWARD.—Seward's Community Library, dedicated 15 months ago, is a project to which the entire town has contributed its dreams, money, and hard work. When Mrs. Viola Swetmann snipped the traditional ribbon, it marked the climax of a community endeavor which began in 1930.

The library, located in a converted store on two lots obtained from the General Services Administration, cost the people of Seward \$27,500. They raised the money themselves. The total is made up from dollar donations, from \$3,000 in prize money donated by the woman's club, from proceeds of bake sales, benefit shows, kids' circuses, from pennies and dimes dropped into "library jars" and from family and business contributions.

Collecting the money was only a part of getting the job done.

The library board located and purchased the store building for \$25,000. This left about \$2,500 to convert a store into a library.

So the work continued. Youngsters cleaned out the store building. Their fathers stacked the heavier lumber removed from the building for use later. Volunteers installed tile, painted, built a porch, and repaired the roof.

Plumbers, carpenters, housewives donated their skill and time. Building firms provided materials for nothing or far below cost.

One 70-year-old woman did most of the interior paint trim.

When it came time to move from the old library, located in the basement of the bank building, the men provided pickup trucks and station wagons and helped with the heavier items. Women and children boxed the books and the children carried the small objects.

And the community's participation in its library has not ended. The city council pays all utilities and part of the operating costs. The garbage collector picks up the trash without charge. Local housewives join in mending books and acting as part-time librarians.

There are more than 10,000 volumes in the new library. About 1,100 persons make use of it and more than 1,400 books and periodicals are checked out each month.

Hanging in the library is a roll of honor. It carries the names of 430 persons, families, organizations, and business firms which contributed money. A labor roster, bearing the names of 56 adults and 94 children, lists those who contributed more than 2,000 hours of their time and efforts.

Seward is the only city in the western part of the Nation which is a candidate for the All-American City award this year. Material in this article was collected by Cecil A. Horton, of Seward. The All-American Cities competition will be held next week in Detroit.

Mr. HARTKE. Madam President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Indiana.

Mr. HARTKE. Madam President, the Library Services Act has been a great assistance in the development of more extensive and more adequate library service in many areas of the country. The changes made by the proposed amendments to the basic act will improve the situation further. The report of the Committee on Labor and Public Welfare makes clear the need for the kinds of changes they recommend, and adoption of these changes will benefit every section of the country. I want to tell Senators something of what the act has done for Indiana and of the unmet needs it will help to fill if changes are made as proposed in the bill before us.

First, let me point to some of the more salient items of the committee's findings as to the Nation's total needs. Since the exhaustion of Carnegie funds 40 years ago, the physical facilities of the Nation's libraries have deteriorated. Only 4 percent of all public library buildings have been built since 1940. Those built earlier are nowhere near meeting the modern functional designs of good library practice. The need for a program to encourage the States to aid, through matching funds, in the building of new libraries is apparent, and even though the \$20 million proposed in this bill is small—about 10 cents per person when spread throughout the Nation—at least it is a start.

Removal of the limitations of the Library Services Act to services in communities below 10,000 in population will make possible the upgrading of facilities and materials with special benefit to the growing throngs of high school and college students in our expanding educational program so vital to the advance of the country. The schools are so hard pressed by increasing numbers that their own library resources have difficulty keeping pace with more than minimal demands. The book collections of public libraries need to be increasingly comprehensive, but the cost of books and materials has increased twice as fast as consumer prices in the past 15 years, as the report makes clear.

The report of the committee indicates also that there are still 18 million persons in the United States without access to public library service. In 1961, the year when Indiana came into the program for the first time, the State was reported to have a million people without library services. Of these, there were about 20,000 in urban areas as defined by the bill, that is, in communities of more than 10,000 population. In the whole State, another 300,000 people were served by overcrowded, understaffed, obsolete libraries, many of them open only very limited hours and with very few current or near-current book acquisitions.

As I said, Indiana did not take advantage of the Library Services Act until 1961, so that whatever it has achieved as a result of its participation has been done in a very brief space of time. But already, as of June 30, 1963, over 80,000 people in our State have been reached

for the first time with library services, and service to 380,000 more has been improved. The bill before us increases authorization for the services now performed under the act. But with the more limited funds and in the limited time of only the past 2 years, Indiana has achieved a gain which is worth noting. According to a specialist in this law and its operations in Indiana, there has been imaginative and flexible use of the basic act's provisions, particularly in an unusually extensive use of so-called contract plans for library extension programs.

Take for example Franklin County, in which is located the town of Brookville. Brookville's population is about 2,600. Library Services Act funds have enabled the town's library to reach out into the surrounding county area with bookmobile service. For the first time in history everyone in the county now has a chance at public library services.

Akron is an even smaller town, with population less than 1,000 in the 1960 census, but it also has a public library. Through the aid of Library Services Act funds this small-town library has actually been able to establish the equivalent of branch libraries to serve Lake Township and Perry Township. Without such funds such a development would be impossible.

The Indiana State program has been unusually successful in securing the wide cooperation and involvement of local people, both professionals in the library field and nonprofessional library trustees. The Committee on Library Development of the State Librarians' Association has served as an advisory group in the screening of plans and in the development of local service. It includes such diverse representatives as members of the State small libraries' organizations, the State association of library trustees, professional workers in larger libraries, and in general a cross section of interested people. Their approach has been flexible rather than doctrinaire. And the results illustrate the imagination which can be exercised under the Library Services Act program.

I am thinking particularly of the instances of joint operation of a program, such as the bookmobile project in Newton and Jasper Counties. Here three small local libraries have joined forces—Lake Township, Rensselaer, and Brook. The township has a scattered population, Brook less than a thousand people, and Rensselaer over 5,000. But working together the three libraries are serving the whole area of the two counties, Newton and Jasper, with bookmobile service.

An even wider degree of cooperation, fostered and supported by the possibilities opened up by the Library Service Act and its availability of funds, is that of no less than six cooperating libraries operating bookmobile service in still two more counties, Stark and Marshall. The 6 libraries are in communities ranging from 700 to 7,500 in size: Hamlet, Knox, North Judson, Bremen, Culver, and Plymouth. In this program there is reciprocal borrowing—any library card for one library is honored by the others. One result of this flexibility is the op-

portunity these libraries have for supplementing each other. One, for example, may form a considerable collection of recent books in space science which would be available not only to its own immediate borrowers but to others in the entire two-county area, while another may have a specialty of biographies. In such cooperation, encouraged by the act, lies greater strength and expanded service.

These programs and these reciprocal services would not be undertaken without the Library Services Act funds which make them possible. In most of the instances where libraries are involved in contract service of this kind, where they are under contract with the State library for the program, and in turn are tied through it to the Federal matching grant program, the project term is for a definite and limited period, most often 3 years. Usually by the time of termination of the program the results of the service and the demand for its continuation brings an expansion of local involvement. The fact that this actually happens, as it is the intention of the bill to achieve, is reflected in the figures which the committee report cites on the rise in funds for local rural library services by 72 percent between 1956 and 1962.

Says the committee report:

Leadership capacity, of the State library extension agencies has been increased through the adding of new staff and the introduction of new methods.

This is most important, and it has proved a benefit to Indiana as to many other States. Most libraries in communities under 10,000 have no professional trained librarian. Many depend on volunteer part-time services, especially in the smallest communities. For such libraries, and such volunteers, the task of cataloging and processing properly is difficult or impossible if professional standards are applied. Some of the Library Services Act funds in Indiana have gone into providing regional library technical processing centers to do this kind of professional work, cataloging books for the small libraries. This has greatly lifted the standards of library care in these small communities.

In addition, funds have been used for the award of graduate scholarships specifically to train people in rural library work; currently there are two such scholarships under the Indiana program. Also, there are training activities for nonprofessional librarians and library board members. For example, some time ago under State auspices and with aid from LSA funds, a State meeting drew over 100 library trustees from rural libraries throughout the State. The kind of stimulation for hometown activity on the library front which such a situation provides is most important, and inevitably results in an increase of funds and services from local sources, not to mention the upgrading of quality in the service made available. In addition, another use of funds provided under this act has been in the extending of in-service on-the-job training to upgrade the capabilities

and professionalism of the librarian in the small library.

Extension of the program's availability to libraries beyond the 10,000 population limitation, in addition to the direct effects on their own development, will aid in the extension of programs such as those we have been witnessing in the under-10,000 areas. I have spoken of the cooperative programs worked out by as many as six libraries in a continuous geographical area. But there has been no incentive, because they are barred from it, for the larger libraries in towns such as Bedford, with 13,000 population, or Crawfordsville with over 14,000, or my own city of Evansville with nearly 150,000, to bring their resources to the assistance of the smaller neighboring communities which may be without library facilities.

By discarding the population standards we are not only helping to assist the larger libraries to upgrade their services directly, but we are giving them a greater incentive to serve as the big brothers with a helping hand for the small libraries at which the act was originally aimed. Now, since the libraries in the larger towns cannot benefit either directly or indirectly from LSA funds, their only spur to aid the weaker ones is the sense of professional responsibility which their librarians have. But these stronger libraries, only 6 percent of which in Indiana are completely urban, can by the changes proposed be drawn into the total program increasingly to the benefit of all, especially where the contract services program, in which Indiana is particularly strong, is made a major part of the State approach.

In Indiana there are 246 public libraries. Eighty-three percent of them are in places of less than 10,000 population, and so are eligible for the benefits of the program at present within its limitations. This may sound like a discrepancy, since I have said that only 6 percent are completely urban. But it is not, because there is a third category of 11 percent, a sizable number, 27 to be precise, which are in towns above 10,000 population but which serve some rural areas as well. I expect that Indiana is not alone in this, that there are some places in nearly every State if not all which are limited in their expansion of service to adjacent rural areas by the present population restriction.

Extension of the services and the funds as contained in the amendments before us, which are based on the careful testimony of expert witnesses and a judicious analysis by the committee in its best judgment, will aid in strengthening the best defense of our democracy, the enlightenment of its people. We need this bill, and not just for Indiana. But when we are talking in national terms, the specifics get vague. The examples I have given of the services involved here, and of the values in the program, are not unique. The same thing more or less is happening because of this program in Ohio and Montana and Alabama and Texas and all the other 50 States. Its expansion will be a benefit to all of us. I hope that its importance is recognized and support given for it by the overwhelming majority of this body.

Mr. DOUGLAS. Madam President, will the Senator from Oregon yield?

Mr. MORSE. I yield to the Senator from Illinois.

Mr. DOUGLAS. Madam President, I am delighted that the Senator from Oregon has brought the bill before the Senate. I hope very much that it will be passed.

When my wife was a Member of the House of Representatives, in 1945 and 1946, she was the House sponsor of the original Library Extension Act, along with the great Senator from Alabama [Mr. HILL]. I have a deep family interest in this measure.

May I ask if it is true that the bill would extend services to underprivileged areas of cities as well as to the countryside?

Mr. MORSE. That is true. It would extend services to all areas.

Mr. DOUGLAS. That is extremely important. It gives me an added pleasure to support the measure which the great Senator from Alabama and my wife started 18 years ago.

Mr. MORSE. I consider it an honor to bask in their reflected glory, because it is a great pleasure to know that the Senator from Alabama [Mr. HILL] and Mrs. Douglas introduced the bill previously.

Mr. HILL. Madam President, will the Senator yield?

Mr. MORSE. I am delighted to yield to the distinguished chairman of the Senate Committee on Labor and Public Welfare.

Mr. HILL. In my many years in Congress, I have not had a finer, abler, or more effective colleague than the then Congresswoman from Illinois, Mrs. Emily Taft Douglas.

Mr. MORSE. Madam President, I wish to associate myself with that fine tribute to Mrs. Douglas. I also wish to thank each of the Senators who have supported the bill, beginning with the distinguished Senator from Illinois [Mr. DOUGLAS] who spoke just a minute or so ago. I wish to express my appreciation to the able Senator from New Hampshire [Mr. McINTYRE] for his support of the committee bill and for his kind expression regarding my work on it as chairman of the education subcommittee.

On last Friday, my good friend, the distinguished Senator from South Carolina [Mr. JOHNSTON] and my very able colleagues on the subcommittee the distinguished Senators from West Virginia [Mr. RANDOLPH], Pennsylvania [Mr. CLARK], Vermont [Mr. PROUTY] gave effective support to the bill, as did the distinguished Senator from New Jersey [Mr. WILLIAMS] with whom I also serve on the committee. I thank them and my good friend, the very able and distinguished Senator from Kentucky [Mr. COOPER] who, with the very able Senator from Kansas [Mr. CARLSON] also gave this bill their effective support.

Madam President, today, we have heard excellent statements from both Senators from Alaska in support of the bill. I am indebted to them and to my

subcommittee associates the hardworking Senator from New York [Mr. JAVITS] and the very able Senator from Texas [Mr. YARBOROUGH]. Their fine statements demonstrate the bipartisan support of the bill.

We have also heard today from many other able and distinguished Senators, among them the Senator from Minnesota [Mr. McCARTHY] and the Senator from Indiana [Mr. HARTKE].

I thank them all, and I thank the Senator from Rhode Island [Mr. PASTORE] for his helpful colloquy on the bill. I hope that I have not overlooked the contribution of any Senator to passage of this bill. Each has demonstrated that it is public interest legislation. If I have done so inadvertently, I want them to know that I, nonetheless, am deeply appreciative of their help with this bill.

Madam President, I am ready to have the third reading of the bill.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2265) was ordered to be engrossed for a third reading, and was read the third time.

Mr. MANSFIELD. Madam President, will the Senator from Oregon yield me 1 minute?

Mr. MORSE. I yield 1 minute to the majority leader.

Mr. MANSFIELD. I believe I should invite attention of Senators to the fact that this is the third education bill of major importance which has been considered by this body this year. Once again we have seen a display of the great skill and sound generalship of the distinguished senior Senator from Oregon.

If the bill passes the Senate and is passed in the other body as well and becomes the law, it will be another milestone to mark the progress in education, which the Senator from Oregon has engineered so ably and so well.

Mr. MORSE. Madam President, I very deeply appreciate the words of my majority leader. I yield back the remainder of the time.

The PRESIDING OFFICER. All time has been used or yielded back.

The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Georgia [Mr. RUSSELL] is absent on official business.

I also announce that the Senator from California [Mr. ENGLE], is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE] would vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK] is necessarily absent, and if present and voting, would vote "nay."

The Senator from New Hampshire [Mr. CORTON] is detained on official business.

The result was announced—yeas 89, nays 7, as follows:

[No. 255 Leg.]

#### YEAS—89

Aiken	Hart	Morse
Allott	Hartke	Morton
Anderson	Hayden	Moss
Bartlett	Hickenlooper	Mundt
Bayh	Hill	Muskie
Beall	Holland	Nelson
Bennett	Humphrey	Neuberger
Bible	Inouye	Pastore
Boggs	Jackson	Pearson
Brewster	Javits	Pell
Burdick	Johnston	Prouty
Byrd, Va.	Jordan, N.C.	Proxmire
Byrd, W. Va.	Jordan, Idaho	Randolph
Cannon	Keating	Ribicoff
Carlson	Kennedy	Robertson
Case	Kuchel	Saltonstall
Church	Lausche	Scott
Clark	Long, Mo.	Smathers
Cooper	Long, La.	Smith
Dirksen	Magnuson	Sparkman
Dodd	Mansfield	Stennis
Douglas	McCarthy	Symington
Eastland	McClellan	Talmadge
Edmondson	McGee	Walters
Ellender	McGovern	Williams, N.J.
Ervin	McIntyre	Williams, Del.
Fong	McNamara	Yarborough
Fulbright	Metcalf	Young, N. Dak.
Gore	Miller	Young, Ohio
Gruening	Monroney	

#### NAYS—7

Curtis	Mechem	Thurmond
Goldwater	Simpson	Tower
Hruska		

#### NOT VOTING—4

Cotton	Engle	Russell
Dominick		

So the bill (S. 2265) was passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### EXTENSION OF ACT TO NONRURAL AREAS

SECTION 1. (a) (1) Section 2 of the Library Services Act is amended by striking out "rural".

(2) Section 3 of such Act is amended by striking out "rural".

(b) Section 4 of such Act is amended by striking out "rural" wherever it appears therein.

(c) (1) So much of section 5(a) of such Act as precedes paragraph (1) is amended by striking out "to rural areas".

(2) Paragraph (3) of such section is amended by striking out "rural".

(d) Section 8(b) of such Act is amended by striking out "in rural areas".

(e) Section 9 of such Act is amended by striking out paragraph (e) and by striking out "; and" at the end of paragraph (d) and inserting in lieu thereof a period.

#### EXTENSION AND INCREASE OF AUTHORIZATION

SEC. 2. Section 3 of the Library Services Act is amended by striking out "is hereby" and inserting in lieu thereof "are"; by striking out "nine succeeding fiscal years" and inserting in lieu thereof "next six fiscal years"; and by inserting ", for the fiscal year ending June 30, 1964, the sum of \$25,000,000, and for each of the next two fiscal years a sum not to exceed \$25,000,000," after "\$7,500,000."

#### INCREASE IN MINIMUM ALLOTMENTS; AVAILABILITY OF ALLOTMENTS

SEC. 3. (a) Section 4 of the Library Services Act is amended by striking out "\$10,000" and inserting in lieu thereof "\$25,000", and by striking out "\$40,000" and inserting in lieu thereof "\$100,000".

(b) Such section is further amended by adding at the end thereof the following new sentence: "The allotment to any State under this section for the fiscal year ending June

30, 1964, shall be available for payments to such State with respect to expenditures under its approved State plan during such year and the next fiscal year."

#### DEVELOPMENT OF LIBRARY SERVICES FOR ALL

SEC. 4. Clause (3) of subsection (a) of section 5 of the Library Services Act is amended by striking out all that appears after the word "advantage" and inserting in lieu thereof the following: "and will give consideration to the educational needs of people of all ages, including students;"

#### INCREASE IN MINIMUM STATE EXPENDITURES REQUIRED

SEC. 5. Subsection (a) of section 6 of the Library Services Act is amended by striking out "\$10,000" and inserting in lieu thereof "\$25,000", by striking out "\$40,000" and inserting in lieu thereof "\$100,000", and by striking out "June 30, 1956" wherever it appears therein and inserting in lieu thereof "June 30, 1963".

#### PAYMENT PROCEDURE

SEC. 6. Subsection (b) of section 6 of the Library Services Act is amended to read as follows:

"(b) Prior to each period for which a payment is to be made under subsection (a), but not less often than semiannually, the Commissioner shall estimate the amount to which each State will be entitled under subsection (a) for such period; and the amount so estimated shall be paid, in such installments and at such time or times as the Commissioner may determine, after necessary adjustment on account of any previously made overpayment or underpayment under this section."

#### CONSTRUCTION GRANTS

SEC. 7. (a) The Library Services Act is further amended by inserting "TITLE I—PUBLIC LIBRARY SERVICES" after section 2, by redesignating sections 3, 4, 5, and 6, and references thereto, as sections 101, 102, 103, and 104, respectively, and by inserting after such sections the following new title:

#### "TITLE II—PUBLIC LIBRARY CONSTRUCTION"

##### "AUTHORIZATION OF APPROPRIATIONS"

"SEC. 201. There are authorized to be appropriated for the fiscal year ending June 30, 1964, the sum of \$20,000,000, and for each of the next two fiscal years a sum not in excess of \$20,000,000, which shall be used for making payments to States, which have submitted and had approved by the Commissioner, State plans for the construction of public libraries.

##### "ALLOTMENTS"

"SEC. 202. From the sums appropriated pursuant to section 201 for each fiscal year, the Commissioner shall allot \$20,000 each to Guam, American Samoa, and the Virgin Islands, and \$80,000 to each of the other States, and shall allot to each State such part of the remainder of such sums as the population of the State bears to the population of the United States, according to the most recent decennial census. A State's allotment under this subsection for any fiscal year shall be available for payments with respect to construction projects approved, under its State plan approved under section 203, during such year or (but only in the case of a State allotment for the fiscal year ending June 30, 1964) the next fiscal year.

##### "STATE PLANS FOR CONSTRUCTION"

"SEC. 203. (a) To be approved for purposes of this title a State plan for construction of public libraries must—

"(1) meet the requirements of paragraphs (1), (2), (4), and (5) of section 103 (a);

"(2) set forth criteria and procedures for approval of projects for construction of pub-

lie library facilities which are designed to insure that priority will be given to projects for facilities to serve areas having, in the judgment of the State library administrative agency, the greatest need for additional facilities and which give consideration to the educational needs of people of all ages, including students;

"(3) provide assurance that every local or other public agency whose application for funds under the plan with respect to a project for construction of public library facilities is denied will be given an opportunity for a fair hearing before the State library administrative agency; and

"(4) provide assurance that all laborers and mechanics employed by contractors or subcontractors on all construction projects assisted under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276c-5); and the Secretary of Labor shall have with respect to the labor standards specified in this paragraph the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. 1332-15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

"(b) The Commissioner shall approve any plan which fulfills the conditions specified in subsection (a) of this section.

#### "PAYMENTS TO STATES

"SEC. 204. (a) From its allotment available therefor under section 202 each State shall be entitled to receive an amount equal to the Federal share (as determined under section 104) of projects approved, during the period for which such allotment is available, under the State plan of such State approved under section 203.

"(b) The Commissioner shall from time to time estimate the amount to which a State is entitled under subsection (a), and such amount shall be paid to the State, at such time or times, and in such installments as the Commissioner shall determine, after necessary adjustment on account of any previously made underpayment or overpayment."

(b) Section 9 of such Act is further amended by redesignating paragraph (d) as paragraph (e) and inserting after paragraph (c) the following new paragraph:

"(d) The term 'construction' includes construction of new buildings and expansion, remodeling, and alteration of existing buildings, and initial equipment of any such buildings; including architects' fees and the cost of the acquisition of land; and."

(c) Subsection (f) of the section of such Act herein redesignated as section 104 is repealed.

(d) Subsection (a) of such section 104 is amended by inserting at the end thereof the following new sentence: "From such allotments, there shall also be paid to each State for each such period the Federal share of the total of the sums expended by the State and its political subdivisions during such period for administration of the plan of such State approved under section 203."

(e) Subsection (e) of such section 104 is amended by striking out "Act" and inserting in lieu thereof "title".

(f) Such Act is further amended by inserting "TITLE III—GENERAL" above the heading for section 7 and by redesignating sections 7, 8, and 9 as sections 301, 202, and 304, respectively.

(g) The first sentence of such section 301 is amended by (1) striking out "administration of the State plan" and inserting in lieu thereof "administration of a State plan"; (2) by inserting "applicable" before "requirements of this Act"; and by (3) inserting "(or,

in his discretion, that further payments will not be made with respect to portions of or projects under the State plan affected by such failure)" before "until he is satisfied". The second sentence of such section is amended to read: "Until he is so satisfied, no further payments shall be made to such State for carrying out such State plan (or further payments shall be limited to parts of or projects under the plan not affected by such failure)."

(h) Such Act is further amended by inserting after such section 302 the following new section:

#### "REALLOTMENTS

"SEC. 303. The amount of any State's allotment under section 102 or 202 for any fiscal year which the Commissioner determines will not be required for the period for which such allotment is available for carrying out the State plan approved under section 103 and section 203, respectively, shall be available for reallocation from time to time, on such dates during such year as the Commissioner may fix, to other States in proportion to the original allotments for such year to such States under such section 102 or 202, as the case may be, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the amount which the Commissioner estimates the State needs and will be able to use for such period of time for which the original allotments were available for carrying out the State plan approved under section 103 or 203, as the case may be, and the total of such reductions shall be similarly reallocated among the States not suffering such a reduction. Any amount reallocated to a State under this subsection from funds appropriated pursuant to section 101 or 201 for any fiscal year shall be deemed part of its allotment for such year under sections 102 and 202, respectively."

#### HEARINGS AND JUDICIAL REVIEW

SEC. 8. The section of the Library Services Act herein redesignated as section 302 is amended by adding at the end thereof the following new subsection:

"(d)(1) The Commissioner shall not finally disapprove any State plan submitted under this Act, or any modification thereof, without first affording the State submitting the plan reasonable notice and opportunity for a hearing.

"(2) If any State is dissatisfied with the Commissioner's final action with respect to the approval of its State plan submitted under title I or title II, or with respect to his final action under section 301, such State may appeal to the United States Court of Appeals for the circuit in which the State is located, by filing a petition with such court within sixty days after such final action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Commissioner or any officer designated by him for that purpose. The Commissioner thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

"(3) Upon the filing of the petition referred to in paragraph (2) of this subsection, the court shall have jurisdiction to affirm the action of the Commissioner or to set it aside, in whole or in part, temporarily or permanently, but until the filing of the record the Commissioner may modify or set aside his order. The findings of the Commissioner as to the facts, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may remand the case to the Commissioner to take further evidence, and the Commissioner may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the

further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(4) The judgment of the court affirming or setting aside, in whole or in part, any action of the Commissioner shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code. The commencement of proceedings under this subsection shall not, unless so specifically ordered by the court, operate as a stay of the Commissioner's action."

#### EXTENSION TO DISTRICT OF COLUMBIA

SEC. 9. Clause (a) of the section of the Library Services Act herein redesignated as section 304 is amended by inserting after "a State," the following: "the District of Columbia,".

#### EFFECTIVE DATES

SEC. 10. The amendments made by sections 1, 3, 4, 5, and 6, subsections (c), (e), (g), and (h) of section 7, and section 9 shall apply with respect to appropriations made after the enactment of this Act, or allotments or payments from such appropriations, as the case may be.

#### CHANGE IN TITLE AND SHORT TITLE

SEC. 11. (a) The first section of the Library Services Act is amended by striking out "Library Services Act" and inserting in lieu thereof "Library Services and Construction Act".

(b) The title of such Act is amended to read "To promote the further development of public library services."

Mr. MORSE. Madam President, once again I extend to the majority leader my sincere thanks for his unfailing cooperation with the committee during the handling of this bill. I also thank every member of the committee for the wonderful cooperation they extended in the presentation of the bill. I thank the Senator from Colorado [Mr. ALLOTT] and the Senator from Texas [Mr. TOWER] for helping to arrive at a necessary adjustment of the bill that made it possible to dispose of it completely and quickly.

I move to reconsider the vote by which the bill (S. 2265) was passed be reconsidered.

Mr. HUMPHREY. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 2267) to amend Public Law 88-72 to increase the authorization for appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7431) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1964, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses

thereon, and that Mr. NATCHER, Mr. GIAIMO, Mr. CANNON, Mr. WILSON of Indiana, and Mr. WYMAN were appointed managers on the part of the House at the conference.

The message further announced that the House had passed a joint resolution (H.J. Res. 809) making continuing appropriations for the fiscal year 1964, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 238) establishing that the two Houses of Congress assemble in the Hall of the House of Representatives on November 27, 1963, at 12:30 o'clock postmeridian, in which it requested the concurrence of the Senate.

#### HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H.J. Res. 809) making continuing appropriations for the fiscal year 1964, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

#### GOVERNMENT GUARANTEES OF CREDIT TO COMMUNIST COUNTRIES

Mr. MANSFIELD. Mr. President, under the unanimous-consent agreement reached last Friday, and after consultation with the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN], I ask unanimous consent to call up Calendar No. 639, S. 2310; and that it be laid before the Senate and made the pending business.

The PRESIDING OFFICER (Mr. NELSON in the chair). The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2310) to prohibit any guaranty by the Export-Import Bank or any other agency of the Government of payment of obligations of Communist countries.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. SPARKMAN obtained the floor.

Mr. KUCHEL. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield to the Senator from California.

Mr. KUCHEL. Mr. President, will the Senator suggest the absence of a quorum? I do not see the distinguished Senator from South Dakota in the Chamber.

Mr. SPARKMAN. I ask unanimous consent that, without losing my right to the floor, I may yield to the Senator from California, to suggest the absence of a quorum.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERTSON. Mr. President—

Mr. SPARKMAN. Does the Senator from Virginia wish me to yield to him?

Mr. ROBERTSON. I am seeking recognition. I assume, since a bill is before the Senate, Senators who favor the bill should be heard first.

Mr. SPARKMAN. I am perfectly willing to yield the floor to permit the distinguished Senator from Virginia to proceed. I had felt, since the report of the committee was adverse, that it was up to those of us who are opposed to the bill to present the report of the committee.

However, I am perfectly willing to yield to the able chairman of the Banking and Currency Committee, and to have him recognized on his own time.

Mr. ROBERTSON. I appreciate the Senator's courtesy. I ask for some time from the minority leader. I should like to have 10 minutes.

Mr. DIRKSEN. Mr. President, I yield 10 minutes to the distinguished Senator from Virginia.

Mr. ROBERTSON. Mr. President, as the distinguished Senator from Alabama has said, the Committee on Banking and Currency, by a vote of 8 to 7, recommended that the bill do not pass.

However, no substantive report, setting forth either the majority or the minority views, was filed, due to limitations of time.

As I shall say before I conclude my remarks, the committee did not take time to consider the amendment which was subsequently offered, at my suggestion, by the patron of the bill.

Mr. President, I hope the Senate will pass the bill, S. 2310, and keep the Export-Import Bank from using taxpayers' funds to guarantee loans and credits to the Soviet Union and other Communist countries.

The issue this bill presents to the Senate, the House of Representatives, and the country is a vital one, but fortunately a simple one. The issue is not the credit worthiness of Communist countries; it is not the desirability of reducing grain surplus; it is not the desirability of helping our balance of payments. The real issue is whether the U.S. Government and the people of the United States should help to provide food and other commodities to the Soviet Union that would strengthen the power of communism to attack us. To that question I think that the Mundt bill is the right, although not the complete answer.

If self-preservation requires self-denial on our part of profits from trading with the enemy, we should insist that our NATO allies do likewise.

During the consideration of the foreign aid bill on the Senate floor, Senator MUNDT introduced an amendment to prohibit the Export-Import Bank from guaranteeing credit for the shipment of grain to the Communist bloc. A move to table this amendment failed—40 Senators, who presumably opposed the principle of the Mundt amendment, voted to table the amendment; 46 Senators voted against the motion to table.

Under an unanimous-consent agreement on Friday, November 15, Senator

MUNDT withdrew his amendment and introduced, as a separate bill, S. 2310 applying to guarantees by the Export-Import Bank of credit on shipments to all commodities to the Communist bloc.

Under the unanimous-consent agreement the bill was referred to the Banking and Currency Committee for hearings and committee consideration, with the agreement that it would be reported to the Senate, favorably or unfavorably, by Monday, November 25. The committee held hearings on Wednesday, Thursday, and Friday, November 20, 21, and 22, at which Senator MUNDT and Senator FULBRIGHT represented ably the opposing views in the Senate. The administration views were fully and ably presented by Secretary of the Treasury Dillon, Under Secretary of State Ball, President of the Export-Import Bank Linder, and Under Secretary of Commerce Roosevelt. In addition, members of the public appeared to testify for and against the bill. Most of the members of the committee participated actively in the questioning. The hearings have been printed and are available for the Senate and the public.

The committee met on November 25 and in accordance with the unanimous-consent agreement the bill was ordered reported by a vote of 8 to 7, with a recommendation that it do not pass. A copy of the 275 pages of printed hearings is in the desk of every Member. In my judgment, the Committee on Banking and Currency has fully and capably discharged its responsibility to the Senate and to the country.

The Export-Import Bank was created in 1934. Never before has the Bank assisted in the shipment of goods to a Communist country, with the single exception of Yugoslavia—obviously a special case. In 1963, almost 30 years after the creation of the Bank, it is for the first time helping in the export of grain to Hungary and it is participating in the negotiations leading to the sale of millions of dollars of wheat to Russia. And this is not the end. Administration witnesses left no doubt that if the Mundt bill is not passed, these grain sales will be a precedent for Government guarantees of credit on sales of industrial and commercial goods to the Communist bloc.

I am convinced that we should continue the present policy of denying Government aid to Communist countries.

In my judgment that issue is fundamental. Russian leaders of the Communist bloc have expressed themselves time and time again as determined to conquer the free world by force or by subversion. I see no indication of any change in their intentions. I am convinced the dividing line between the free world and the Communist world is as definite and distinct as the Berlin wall. Religion, a free enterprise society, personal freedom, responsibility, and our democratic way of life lie on one side. Atheism, Marxism, and slavery lie on the other.

I expect the cold war to continue until the masses of the Communist bloc will no longer submit to that type of dictatorship. I have no question that in the long run the free world will win. Religion, a free enterprise society, personal freedom, responsibility, and our democratic way

of life will in the long run be victorious. But for us to furnish aid to the dictators and relief for downtrodden masses behind the Iron Curtain is but to postpone the ultimate victory of a free world.

The breakdown in Russia's agriculture may be the first crack in the communistic-dictatorial system. Russian military might is dependent on Russia's entire economic system. Soldiers who cannot eat cannot fight. Industrial workers who cannot eat cannot make planes, tanks, submarines, and munitions of war; and if the Russians must divert more of their manpower to agriculture they can only do so by diverting them from the army or from factories and plants. Only those with short memories have forgotten how American farmers were urged to increase their production during wartime, not only in order to supply food for the military and the industrial population but also in order to supply alcohol—the raw material for synthetic rubber, explosives, and other materials of war.

If the Mundt bill is passed, we will make it clear that we do not intend to use Government assistance to build up the economy of Russia and the Communist bloc. If we pass the Mundt bill, we will show that we will not use the U.S. Government aid and the taxpayers' money to build up the Russian communistic system of atheism, Marxism, slavery, and dictatorship. If we pass the Mundt bill, we will show that we as a Christian nation are dedicated to the preservation of a free enterprise society, personal freedom, and our democratic way of life.

Mr. SYMINGTON. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON. I yield.

Mr. SYMINGTON. With great respect, I ask the able Senator from Virginia if it is not true that countries in Europe, and also Canada, are selling grain heavily to Russia, even in some important cases to Communist China?

Mr. ROBERTSON. My answer to the question is: Yes, it is true. Canada, especially, is selling hundreds of millions of dollars worth of grain to Russia. However, Canadian ports will soon be frozen over, and it is essential, because the grain shortage is so acute, that the Communist countries have access to our grain, which can be moved overseas at all times of the year.

When the issue was raised at the hearings that Germany would buy our wheat, process it into flour, and make a big profit from selling it to the Russians, I stated that our former Chief of Staff and former Commander in Chief, General Eisenhower, had recommended that four or five of our divisions be withdrawn from West Germany. I said at the hearings that we could say to West Germany: "Cooperate with us in our dedication against increasing the strength of the Communists and stop trying to make a few extra dollars from the sale of flour; otherwise we will withdraw four of our divisions. Then, you will have to use your own manpower and your own money to provide for the defense that we are giving you."

I have said, as Senators have just heard, that the Mundt bill is only a par-

tial answer. But it is at least a step, and a big one, in the right direction. It is also a step, as a matter of principle, which will involve some sacrifice. I realize, as the point was raised in committee, that the bill could include tobacco, and Virginia would be interested. We do not raise much wheat, but the Mundt bill covers everything. I voted for it, knowing that it would apply to tobacco and other agricultural products which Virginia grows.

As a matter of principle, I did not want to see our Nation reverse the stand it has traditionally taken, which is that we should not aid a Communist country—unless, of course, we are convinced that the cold war is over. But, as I indicated, I do not believe it is over.

The PRESIDING OFFICER. The time of the Senator from Virginia has expired.

Mr. MUNDT. Mr. President, I yield 5 minutes more to the Senator from Virginia.

Mr. SYMINGTON. Mr. President, will the Senator further yield?

Mr. ROBERTSON. I yield.

Mr. SYMINGTON. It is well known that a larger share of the U.S. taxpayers' money, a larger percentage of gross national product and national income, is spent for defense than in the case of any of the other countries of the free world.

Mr. ROBERTSON. That is true.

Mr. SYMINGTON. If we plan to continue, in effect, to support bank freedom in Europe, the Middle East, and the Far East in the future, as we do today, how can American business, in the long run, be competitive with the economies of the countries that we are assisting, unless we provide American industry and American agriculture with the same rights that the other countries, our allies of the free world, provide their agriculture, their industry, and their banks?

Mr. ROBERTSON. There can be no doubt that by using new, modern machinery, bought with our money, foreign competitors are now, with cheap labor costs, putting us at a disadvantage in world trade.

There can be no doubt that there is a market, both in Red China and behind what we call the Iron Curtain—that is, the Soviet bloc countries—but I do not admit that because we could make money and help our businessmen to compete successfully, we should put the love of money above a consideration of our national survival.

If we are willing to deny ourselves and to sacrifice for our ultimate security, we can make the same demand upon all our allies—and there are many ways in which we could enforce that demand.

Mr. SYMINGTON. The Senator from Virginia is a patriotic member of this body. Our physical strength can only come from our economic strength.

Our primary need now would seem to be to overcome our continuing unfavorable balance of payments. The proposed sale of wheat to Russia would help correct that situation. I, too, was worried about the thought behind the amendment offered by the Senator from South Dakota because I thought all payment was to be in gold. I now under-

stand that only 25 percent will be in gold, the other 75 percent coming fairly rapidly, the first payment in 6 months, the next in 12 months, the third and final payment in 18 months. This would appear to be pretty normal.

I differ with the Senator from Virginia in this respect: I do not consider the proposed transaction to be something which would be done solely for American business or banking or agriculture. The truth is, Russia does not have to worry about the soundness of its money as much as we do. As someone has well said, in a totalitarian state the coin of the realm is the order of the dictator. If we continue our present policy, we will put our farmers, businessmen, and bankers at a disadvantage, and will further unfavorably affect the balance-of-payments problem.

In my opinion, the balance of payments is the second most serious situation this Nation faces today. If we do not enter into such transactions, but our allies do, we could damage our capacity to defend ourselves against communism, because we would be damaging the source of our defense strength—our economy.

I thank the Senator for yielding.

Mr. ROBERTSON. The distinguished Senator from Missouri may recall that for 10 years I served on the House Committee on Ways and Means. During that time I took it upon myself to lead the fight in behalf of the Hull reciprocal trade agreements program. I spent 10 years intensively studying foreign trade. Our trade with Russia during that time did not amount to a hill of beans. We bought a little gold and some furs from Russia. From the Pacific Northwest, we obtained a little timber and manganese.

For many years, our biggest customer was Great Britain. That situation lasted until she was brought to her knees by the expense of World War I. Then Canada became our biggest customer.

Russia and the Balkan countries that now lie behind the Iron Curtain have never figured in our trade to any appreciable extent.

Japan has been our biggest consumer of raw cotton. Germany, France, and other Western European countries are large customers of this country.

As I have said, for many years Great Britain was the largest customer. Later, Canada became the largest one. But the countries of the Russian bloc have never figured largely in our foreign trade. Now it is proposed to sell to them 12 percent of our accumulation of wheat. Probably it will be a "one shot" agreement.

The PRESIDING OFFICER. The time the Senator from Virginia has yielded to himself has expired.

Mr. ROBERTSON. Mr. President, I yield myself 5 minutes more.

The PRESIDING OFFICER. The Senator from Virginia is recognized for 5 minutes longer.

Mr. ROBERTSON. Mr. President, we might drop back to a position worse than the one we were in before. In the meantime, as I have pointed out, a sale of wheat to Russia may be just the first step on the way to sales of direct munitions of war to Russia. Who would

wish to sell scrap iron or other materials which could be shot back at our boys?

AMENDMENT NO. 326

Mr. President, at this time I yield to the Senator from South Dakota [Mr. MUNDT], who wishes to discuss an amendment to S. 2310, No. 326, which he offered at my suggestion. The Senator from South Dakota will now explain the amendment.

Mr. MUNDT. Mr. President, before the hearings were held, at the request and suggestion of the chairman of the committee, I offered this amendment, a copy of which is now on the desk of each Senator. It is a clarifying amendment.

As the chairman of the committee has pointed out, the amendment would put into legal language exactly what the Attorney General held in his opinion of October 9, so that either the adoption or the rejection of the amendment would make no change in the existing situation. In short, this measure would provide a stable set of rules; and all should understand that amendment No. 326 would not in any way involve an extension of trade with Russia. The amendment was offered at the suggestion of the chairman.

Mr. ROBERTSON. Mr. President, as I have indicated, yesterday the committee acted under the terrible emotional strain of one of the greatest tragedies the American people have ever been called upon to face. It did not take into consideration the fact that the Senator from South Dakota had, at my request, submitted this amendment to deal with the situation which faces us, in that the Attorney General has ruled in regard to the Johnson Act, which provides that the United States cannot make loans to the governments of countries which are in default on their World War I obligations to the United States or their other obligations to the United States. The Attorney General ruled in effect that the extension of credit under normal commercial terms would not come within the provisions of the Johnson Act. I thought that was a correct ruling; but, after all, this opinion does not amend the law; it is not binding on the courts; it would be binding only upon those who now serve in the office of the Attorney General. So I thought it better to make it crystal clear, by an act of Congress, that if private firms do engage in this trade—for certainly it is better to have private enterprise, rather than the Government, do it—they will not be in violation of the Johnson Act.

I hope the Senator from Alabama will be willing to accept this amendment. It merely affirms the correctness of the ruling by the Attorney General and writes it into the law. If the bill is passed, this amendment should be included; rejection of the amendment would cast doubt on the correctness of the ruling by the Attorney General.

Mr. PASTORE. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON. I yield.

Mr. PASTORE. I understand that the Mundt amendment has to do with the extension of credit for such transactions. Do I correctly understand that the Senator from Virginia would be opposed to

the sale of wheat to Russia, even on a cash basis?

Mr. ROBERTSON. Yes. Although I am not unmindful that, under such a policy, eventually Virginia could be helped by such sales of tobacco, I still maintain my position—unless we wish to admit that by engaging in such trade, we would not be dealing with an enemy. But if that nation is a friend, why do we continue to have a \$50 billion defense budget?

Mr. MONRONEY. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON. I yield.

Mr. MONRONEY. I noticed in the hearings, however, there was testimony that we have consistently been selling \$1 million or \$2 million, or perhaps more, of hard items to Russia. If it is not sensible for us to sell those items to Russia, why does not the distinguished chairman of the Banking and Currency Committee introduce a bill to prohibit all trade with Russia? In short, let us have the policy set forth clearly, in terms of either black or white.

Mr. ROBERTSON. It is already set forth in clear language in the Export Control Act and the Battle Act—trade that the President finds would help to strengthen the military or economic potential of a Communist country is illegal.

Mr. MONRONEY. That is correct.

Mr. ROBERTSON. Under that law, it would be legal for them to be sold commodities which the administration says would not help them in this way. But if wheat would be helpful to them, even though it may not be so helpful as to call for denial of an export license, then our Government should not finance it.

Mr. MONRONEY. However, the Senator from Virginia has said that he is opposed to any sales—either cash sales or on credit—to Russia of commodities that will help Russia. If the Senator from Virginia is opposed to such trade with Russia, and if we support his view, we should be consistent. However, our country has been carrying on many millions of dollars worth of trade with many of the Iron Curtain countries, principally Russia. The proposed sale would amount to approximately \$200 million worth.

The Senator from Virginia will have a difficult time if he tries to convince me that such a sale of wheat would be the sale of a strategic item. Wheat is a most important article of ordinary trade.

Mr. ROBERTSON. Does the Senator from Oklahoma maintain that to feed an army would not help it?

Mr. MONRONEY. It is true that armies have to be fed; and armies will be fed.

Mr. ROBERTSON. Can the Senator from Oklahoma say that help to the people who are under Castro would not help Castro?

Mr. MONRONEY. The armies will be fed, even if wheat has to be denied to every civilian in Russia.

Mr. ROBERTSON. Yes; and if that happens, the civilians will turn on the army, and there will no longer be an army, and there will be a dead dictator.

But it cannot be argued that our Government has thus far officially reversed

its position that materials which would be of substantial aid to a Communist country should not be sold to countries behind the Iron Curtain.

The PRESIDING OFFICER. The additional time the Senator from Virginia has yielded to himself has expired.

Mr. SPARKMAN. Mr. President, I yield to the Senator from Oklahoma 5 additional minutes, with the understanding that a little time be left, in which I can ask him a question.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. MONRONEY. I thank the Senator from Alabama.

I wish to ask this question: Under the Battle Act, is wheat classified as a strategic item?

Mr. ROBERTSON. I do not think it is.

Mr. MONRONEY. It is not; and it never has been.

Mr. ROBERTSON. But it was not contemplated that it would be proposed that \$250 million worth of U.S. wheat be shipped to Russia.

Mr. MONRONEY. If the Senator from Virginia wishes to be consistent, he should oppose any trade with any Communist bloc country. However, to take the position that we cannot sell wheat to Russia, even though wheat has never been declared by the Battle Act to be a strategic material, would interfere with the sale of a commodity which we desperately want to sell.

Mr. ROBERTSON. Mr. President, I do not propose to be pushed into a "whittle or cut" argument about minor details. My position is that never before have we engaged in trade with Communist countries, of commodities that would be of material help to them. But now it is proposed that we engage in such trade, and furthermore that it is proposed the Export-Import Bank, a wholly owned Government agency for the first time in 30 years, would help to finance it and would take all the financial risks.

Mr. COOPER. Mr. President, will the Senator from Virginia yield briefly to me?

Mr. ROBERTSON. I yield.

Mr. COOPER. I concur with the Senator from Virginia in that change of policy. I should like to develop two questions. Do I understand correctly that by law it has been the policy of the United States not to sell strategic materials to Russia, or to any other Communist country?

Mr. ROBERTSON. That is correct.

Mr. COOPER. Has it not also been the policy of Congress not to sell subsidized grain to Communist countries?

Mr. ROBERTSON. That is correct.

Mr. COOPER. Until the present time the executive branch of the Government has accepted that policy?

Mr. ROBERTSON. That is correct. When the President first mentioned the desirability of letting Russia get the \$250 million worth of grain, he said he would ask Congress to approve it. Then he found he would be drawn into a very bitter debate as to whether we would do it or not, so he decided to do it himself.

Mr. COOPER. One further question: Until the present time, has it not been the policy that the Export-Import Bank shall not guarantee the sale of commodities to Communist countries, with the exceptions the Senator noted?

Mr. ROBERTSON. That is correct. The Export-Import Bank has never financed any sales to any Communist country except Yugoslavia.

Mr. COOPER. Do I correctly understand that despite the arguments made about sales to Russia by other countries, or the advantages or the disadvantages that may come to the United States from the sale, what we are really dealing with is a change of policy, and that the Senator is discussing it in that context?

Mr. ROBERTSON. That is absolutely true. So far as I know, the Russians would pay for the wheat. I do not question that. It all depends on whether it would be to their advantage to do so. I believe they might pay. The transaction would help us get rid of our wheat. It would also help the balance-of-payments problem, which I have studied. It is a serious problem.

Mr. COOPER. I sat as a member of the Committee on Agriculture and Forestry. I attended the hearings, and afterward I spoke on the subject in the Senate. I thought such a change of policy was proposed, and that it deserved the full consideration of the administration, our allies, and the entire Congress, to see what its implications would be. I object to it, because I believe it would result in a change of policy based upon an isolated case without full consideration having been given to it.

Mr. ROBERTSON. I appreciate the views of the Senator from Kentucky.

Mr. President, I call up the Mundt amendment to the bill and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert a new section as follows:

SEC. 2. The sale of any product by any individual, partnership, corporation, or association within the United States to any foreign government or political subdivision thereof, or any organization or association acting for or on behalf of such government or subdivision, on a deferred-payment basis shall not be deemed a loan to such foreign government, subdivision, organization, or association within the meaning of section 955 of title 18, United States Code, and the negotiation or assignment by any individual, partnership, corporation, or association within the United States, in the ordinary course of business, of contract rights of commercial paper resulting from any such sale shall not be deemed a sale or purchase of the bonds, securities, or other obligations of such foreign government, subdivision, organization, or association within the meaning of such section, if the terms applicable to such sale, negotiation, or assignment are comparable to those generally prevailing in commercial transactions of a comparable character.

Mr. ROBERTSON. I hope that the leadership will accept the amendment because, in my judgment, to reject it would cast doubt upon good legal opinion.

Mr. SPARKMAN. In order to make the RECORD clear, I wish to ask the Sen-

ator from Virginia, chairman of the committee, one question: The Senator will recall that the Attorney General issued a ruling regarding the matter. Do I correctly understand that the Mundt amendment is completely in line with the ruling of the Attorney General?

Mr. ROBERTSON. It follows the ruling exactly.

Mr. MUNDT. The Senator is exactly correct.

Mr. SPARKMAN. I wish to be certain that the acceptance of the amendment by the Senate would not in any way negate the ruling the Attorney General has made.

Mr. ROBERTSON. On the contrary, the amendment would give the ruling 100 percent approval. It would write it into law. The President needed the advice of his Attorney General before he could recommend that we sell wheat on credit to the Soviet Union. A \$250 million deal is not a small deal. The question arose as to whether the transaction would come within the previous prohibition against loans to a nation in default, because Russia is billions of dollars in default. The Attorney General said that the credit arrangements proposed for the wheat deal did not violate the provisions of the Johnson Act. When I propose to join in the Mundt recommendation by saying, "Let private banks finance it," I want to make it crystal clear to the banks that no one hereafter could come in and indict them for doing so.

Mr. SPARKMAN. I should like to ask this question: Would adoption by the Senate of the amendment in any wise void the ruling of the Attorney General, regardless of what happens to the amendment—whether it be accepted by the House or any other action is taken on it, whether the bill is killed or passed, or whatever becomes of it?

Mr. ROBERTSON. It certainly would not affect it. It would merely write it into law, if the amendment is accepted and the Mundt bill passes. And even if the Mundt bill does not become law, acceptance of the amendment by the Senate will show that the Senate agrees with the Attorney General's ruling.

Mr. SPARKMAN. That is what I wish to be certain of. I want the RECORD to show that I have not consulted with either the majority leader or other members of the Banking and Currency Committee. But, under those circumstances, when it merely seeks to write into the law what the Attorney General has said, and would not negate or void the Attorney General's ruling, but would indicate our approval of the ruling regardless of what happens to this proposal, I see no reason why it should not be accepted. I am certain that in the committee we would have discussed it along that line. With that assurance, I believe the committee would have accepted it. In the haste in which we were operating, we all forgot.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CLARK. As chairman of the Subcommittee on International Finance

of the Banking and Currency Committee, I understand the Senator in charge of the bill to indicate his intention of accepting the amendment, to which I have no objection. However, that acceptance would not change in any way his determined opposition to enactment of the Mundt bill as amended.

Mr. SPARKMAN. My acceptance of this amendment would not, of course, affect in any way my opposition to the Mundt bill.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. JAVITS. The committee has reported the bill adversely. I should like to make it plain that the sponsors of the bill desire to include the amendment in the bill for reasons which only to them are sufficient and satisfactory. Their attitude toward the bill demonstrates their intent, but it does not represent any expression by the Senate—whatever may be the vote on the bill or the amendment—that the Attorney General's opinion is not enough, standing alone, and that this provision must be placed in the bill. The legislative history is clear, as far as those of us who are against the bill are concerned.

As far as the Senate is concerned, if it votes down the bill, the Attorney General's opinion is sufficient and adequate to enable banks to engage in the kind of short-term commercial financing proposed for these grain sales, without fear of prosecution under the Johnson Act.

Mr. SPARKMAN. I believe the Senator has stated exactly the effect of the statement of the Senator from Virginia concerning reaffirmation of the opinion of the Attorney General.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I should like to yield to the Senator from Missouri [Mr. SYMINGTON], who has been waiting for some time to be recognized, and then I will yield to the Senator from Massachusetts.

Mr. SYMINGTON. I would ask this question: Why do we not make the sale for gold?

Mr. SPARKMAN. Why do we not make the sale for gold?

Mr. SYMINGTON. Yes.

Mr. SPARKMAN. I wonder if the Senator from Missouri would withhold that question for a moment until I can discuss it a little later. I should like to bring it up then.

Mr. SYMINGTON. I must leave the Chamber now.

Mr. SPARKMAN. A discussion of the subject will probably open up a broad area of debate; but I should like to make a brief statement: I do not wish to take time to answer further questions on it. The reason we are not selling for gold—all cash paid, 100 percent—is that the private grain dealers and the negotiators from the Russian Government negotiated what are called reasonable trade terms.

My SYMINGTON. By "reasonable trade terms" does the Senator mean so much off for cash, as we discover many times when we make a purchase?

Mr. SPARKMAN. Reasonable or usual trade or commercial terms means the kind of terms as to down payments, the duration and amount of the installments to be paid, the rate of interest on postponed payments, and so on. The terms of the negotiations are identical with the terms that the Canadian Government negotiated, but when the time came to make the first payment, instead of making it 25 percent, they paid 80 percent. We do not know how much they will pay us when they make the first down payment. It is up to them, except that they must pay at least 25 percent. Those were the terms negotiated. They are identical, item by item, with the terms negotiated with the Canadians.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. SYMINGTON. What the Russians probably did, then, was to pay more cash in advance in order to earn a discount.

Mr. SPARKMAN. Not to earn a discount; the statement was made that they intended to save that much interest.

Mr. SYMINGTON. That is the same thing.

Mr. SPARKMAN. All right—if the Senator wishes to call it a discount, but really it would be a saving of interest. That is correct, and it is entirely possible they may do the same thing with us.

Mr. SYMINGTON. The Senator has said that they did it to save money?

Mr. SPARKMAN. Yes.

Mr. SYMINGTON. I am impressed with the necessity for our Government to trade as much as our allies trade with Communist countries. But I do not see why we cannot get paid in gold, especially if we give a large inducement of some kind—such as say 2 percent off for cash. The Senator and I have paid many a bill in that way. Why do we not get the gold?

Mr. SPARKMAN. The transaction was not negotiated by the Government. This was negotiated by private grain dealers.

Mr. SYMINGTON. Does that mean they get a "cut" on it?

Mr. SPARKMAN. They may get a profit on it, because they buy at the best price they can.

Mr. SYMINGTON. I should have said profit.

Mr. SPARKMAN. Naturally, they are in business to make a profit.

I believe the people of the country applauded the idea, when President Kennedy announced it first in the conference he held, saying that the sale would be handled by private dealers.

We believe in the private enterprise system. It was announced that this transaction would be handled by private dealers, rather than on the basis of a government-to-government loan.

Mr. SYMINGTON. So do I. But there is no risk here to the contractor who makes the profit, and the theory of capitalism is risk capital. It would not be a government-to-government loan. It would have been a government-to-government sale. The impression I had was that the sale would be for gold.

Mr. SPARKMAN. This is the deal negotiated, so far, by the private negotiators. It is in line with commercial trade generally, and its terms are identical with the terms negotiated between the Russians and the Canadians.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I now yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I thank the Senator from Alabama for yielding.

I should like to have a more clear understanding of the amendment which has been offered to the bill by the Senator from South Dakota. May I ask the Senator a question?

Mr. SPARKMAN. Yes.

Mr. SALTONSTALL. As I understand, the Johnson Act of 1934 is not applicable to a public corporation created by or pursuant to special authorizations of Congress.

When Mr. Sauer talked with us, it was my understanding that the banks in New York which were to make the loan could not make it under the Johnson Act, because Russia had failed to pay all its debts under lend-lease. Therefore, it was necessary to obtain a guarantee from the Export-Import Bank. By guaranteeing the transaction, the Export-Import Bank would get five-eighths of a percent as its return.

Do I correctly understand that the section 2 of the amendment offered by the Senator from South Dakota states, in effect, that a commercial transaction of an ordinary character would not be considered a loan, and, therefore, if the Export-Import Bank guaranteed the credit of the banks in New York on an ordinary commercial transaction as such, that could be done under the section 2 as proposed by the Senator from South Dakota; but, if the amendment were not agreed to and if the bill introduced by the Senator from South Dakota were passed as is, the Export-Import Bank would be prohibited from doing anything in the nature of help on the wheat sale?

Have I made myself at all clear?

Mr. SPARKMAN. I am not sure the Senator has correctly stated the situation. I invite the attention of the Senator from South Dakota to my reply.

My understanding is that the opinion of the Attorney General was to the effect that the private banks could have extended the commercial credit or participated in the usual forms of bank financing of commercial credit. I ask the Senator from South Dakota if that is correct.

Mr. MUNDT. That is correct.

Mr. SPARKMAN. In other words, the private banks could have participated in such a deal. I ask the Senator to read the testimony by Mr. Linder, the Chairman of the Export-Import Bank. A reading of the testimony will show this, because Mr. Linder tells of some 2 dozen or more banks throughout the country he talked with to determine if they could combine to form a "pool."

We must remember that this involves a large amount of credit, and that a number of banks would be required to pool their resources in order to make

such a loan. Mr. Linder was not able to form such a pool.

In fact, it was necessary to do this before there could be eligibility. Under the law the Export-Import Bank is not supposed to make loans the commercial banks are willing to make.

Mr. SALTONSTALL. It can guarantee credit.

Mr. SPARKMAN. That is what is suggested in this case.

Mr. SALTONSTALL. Yes.

Mr. SPARKMAN. When the banks would not make the loan, the banks came together and said to Mr. Linder, "We will make the loan if you will guarantee the credit."

That is what the proposal is.

The amendment offered by the Senator from South Dakota, simply stated, would write into the law, in the event the bill were passed, the provisions of the Attorney General's decision. I ask the Senator from South Dakota if that is correct.

Mr. MUNDT. That is a very lucid explanation.

Mr. SPARKMAN. Thank you.

Mr. MUNDT. Let me say to my friend from Massachusetts that this amendment has no bearing on the transactions of the Export-Import Bank. Those are covered by the text of the bill, S. 2310.

The amendment, which really is the Robertson amendment, because it was suggested by the chairman of the Committee on Banking and Currency, is precisely what the distinguished Senator from Alabama has stated—only that and nothing more.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a further question?

Mr. SPARKMAN. Before I yield, and before moving on to another question, I ask unanimous consent to have printed in the Record the opinion of the Attorney General, which is to be found on pages 27 et sequitur of the hearings.

There being no objection, the opinion was ordered to be printed in the Record, as follows:

#### OPINION OF THE ATTORNEY GENERAL

DEPARTMENT OF JUSTICE,

October 9, 1963.

The Honorable the SECRETARY OF STATE.

MY DEAR MR. SECRETARY: This is in response to Under Secretary Ball's letter of September 23, 1963, requesting my opinion concerning the application of certain Federal statutes to sales of U.S. wheat and other agricultural products to the Soviet Union and Eastern European bloc countries. I understand that the precise form which these sales might take has not been determined, but that in any case they would be made for U.S. dollars, gold, or convertible currencies at not less than world market prices, and would not involve extensions of credit except within the range of those commonly encountered in connection with other commercial sales for export of the commodities involved. I have reviewed the relevant statutes and have concluded that they present no legal obstacle to such sales.

#### I. THE JOHNSON ACT

The Johnson Act, 18 U.S.C. 955, prohibits certain financial transactions by private persons in the United States involving foreign governments which are in default in the payment of their obligations to the United

States. The prohibited transactions include the making of "loans" to, and the purchase or sale of "bonds, securities, or other obligations" of, foreign government which is within the statutory category.<sup>1</sup> The Under Secretary's letters states that the Soviet Union is a government in default for the purposes of the act.

It is, of course, apparent that if the proposed sales of agricultural products to the Soviet Union should be made entirely for cash, no question under the Johnson Act would be presented. Moreover, since the act is expressly made inapplicable to Federal corporations, it would not apply to sales that might be made by the Commodity Credit Corporation. The latter is a corporation created by act of Congress (62 Stat. 1070, as amended, 15 U.S.C. 714), empowered to procure agricultural commodities for sale to foreign governments and to export or cause such commodities to be exported (62 Stat. 1072, 15 U.S.C. 714c). It should also be noted that, as provided by section 11 of the Export-Import Bank Act of 1945 (59 Stat. 529, as amended, 12 U.S.C. 635h), the Johnson Act does not apply to persons acting for or participating with the Export-Import Bank in any transaction engaged in by the Bank. The Bank itself, as a corporation created by act of Congress (12 U.S.C. 635), is exempted from the operation of the Johnson Act. Accordingly, the act would not interfere with export sales in which the Bank participated by issuing a guarantee of payment of the purchase price or otherwise. Nor would it apply to private insurance companies, acting through the Foreign Credit Insurance Association, which might participate with the Bank in the issuance of such guarantees. The Under Secretary informs me that such guarantees are a common feature of similar export transactions with other foreign governments and their agencies.

There remains for consideration the propriety under the Johnson Act of possible sales by private American firms on a deferred-payment basis. It is my opinion that

<sup>1</sup> 18 U.S.C. 955 provides:

"Whoever, within the United States, purchases or sells the bonds, securities, or other obligations of any foreign government or political subdivision thereof for any organization or association acting for or on behalf of a foreign government or political subdivision thereof, issued after April 13, 1934, or makes any loan to such foreign government, political subdivision, organization or association, except a renewal or adjustment of existing indebtedness, while such government, political subdivision, or organization or association, is in default in the payment of its obligations, or any part thereof, to the United States, shall be fined not more than \$10,000 or imprisoned for not more than 5 years, or both.

"This section is applicable to individuals, partnerships, corporations, or associations other than public corporations created by or pursuant to special authorizations of Congress, or corporations in which the United States has or exercises a controlling interest through stock ownership or otherwise. While any foreign government is a member both of the International Monetary Fund and of the International Bank for Reconstruction and Development, this section shall not apply to the sale or purchase of bonds, securities, or other obligations of such government or any political subdivision thereof or of any organization or association acting for or on behalf of such government or political subdivision, or to making of any loan to such government, political subdivision, organization, or association."

such sales would not involve the making of "loans" within the meaning of the act. This view is consistent with the position taken by this Department under Attorney General Cummings (37 Op. Atty. Gen. 505 (1934)), and more recently in Assistant Attorney General Katzenbach's letter of January 19, 1962, to the General Counsel of the Department of Agriculture. The term "loan" in ordinary commercial usage denotes a contract by which one delivers a sum of money to another, and the latter agrees to return at a future time a sum equal to that borrowed, with or without interest. See, e.g., *In re Grand Union Co.*, 219 Fed. 353 (C.A. 2, 1915); *National Bank of Paulding v. Fidelity & Casualty Co.*, 131 F. Supp. 121 (S.D. Ohio 1954). The right to defer payment for goods sold is not a loan but credit. See, e.g., *Dunn v. Midland Loan Finance Corp.*, 206 Minn. 550, 289 N.W. 411 (1939); *Bernhardt v. Atlantic Finance Co.*, 311 Mass. 183, 40 N.E. 2d 713 (1942); *Whitney, Modern Commercial Practices*, section 12 (1958). And the payment of consideration by a third party for an assignment of the buyer's obligation does not constitute a loan to either the buyer or the seller. See *Oil City Motor Co. v. C.I.T. Corp.*, 76 F. 2d 589 (C.A. 10, 1935); *G.M.A.C. v. Mid-West Chevrolet Co.*, 66 F. 2d 1 (C.A. 10, 1933); *Dunn v. Midland Loan Finance Corp.*, *supra*; 6A Corbin, *Contracts* section 1500 (Rev. ed. 1962). Accordingly, neither sales transactions by American exporters on a deferred-payment basis, nor payments made to such exporters by third parties in return for an assignment of the right to payment in connection with such sales, are "loans" to the purchaser of the exported goods in the ordinary sense of that term in legal and commercial usage.

Nor would the forms of credit transactions in which private exporters commonly engage in connection with export sales on credit, involving the assignment or negotiation of contract rights or commercial paper, violate the Johnson Act's prohibition against the purchase or sale of the "bonds, securities, or other obligations" of the governments to which the act refers. Since the right to receive payment in connection with export sales is not normally received by the seller in the form of bonds or securities, the issue presented by such transactions is whether they would involve the purchase or sale of "other obligations" within the meaning of the statute.

Although the assignment or negotiation of a contract right or commercial document resulting from the sale of goods on credit can be broadly termed a "sale" of the buyer's "obligation," it is not, in my opinion, proscribed by the Johnson Act. The act is a criminal statute and therefore must be construed strictly, "lest those be brought within its reach who are not clearly included," *United States ex rel. Marcus v. Hess*, 317 U.S. 537, 542 (1943); *United States v. Resnick*, 299 U.S. 207 (1936); *Kraus & Bros. v. United States*, 327 U.S. 614, 621-622 (1946). For that reason and the reasons indicated hereafter, it is my view that the act must be interpreted, in accordance with the rule of ejusdem generis, to relate only to sales of bonds and securities and "other obligations" of like nature. The distinction here made is essentially that made in connection with both Federal and State enactments in the field of securities regulation: Between obligations which are covered because they are, or are likely to be, widely distributed among members of the public, and obligations which are not covered because they are issued in the ordinary course of trade and normally move exclusively within the relatively restricted channels of banking and commercial credit. See, e.g., *Securities Act of 1933*, section 3(a) (3), (4) (1), discussed

in House Report No. 85, 73d Congress, 1st session (1933) 14 (exemption for "short-term paper \* \* \* of a type which rarely is bought by private investors"), and 1 Loss "Securities Regulation" (2d ed.) 566 et seq., 653 et seq. (exemptions for short-term paper and for nonpublic offerings); California Corporation Code section 25102(b) (c) (exemptions for "Bills of exchange, trade acceptances, promissory notes, and any guarantee thereof, and other commercial paper issued, given, or acquired in a bona fide way in the ordinary course of legitimate business, trade, or commerce," and for promissory notes "not offered to the public or \* \* \* sold to an underwriter for the purpose of resale").

The foregoing interpretation of the Johnson Act is the necessary result of application of the reasoning employed by Attorney General Cummings in construing the act shortly after it became law in 1934 (37 Ops. Atty. Gen. 505, *supra*). That opinion, rendered at the request of the Secretary of State, reads in part as follows (id. at 512):

"The committee reports (S. Rept. 20 and H. Rept. 974, 73d Cong.) recite that the bill was introduced following an investigation by the Senate Committee on Finance and the revelation therein that 'billions of dollars of securities \* \* \* offered for sale to the American people' were overdue and unpaid; that some of these 'foreign bonds and obligations \* \* \* were sold by the American financiers to make outrageously high profits'; and stated a purpose 'to prevent a recurrence of the practices which were shown by the investigation to be little less than a fraud upon the American people \* \* \* to curb the rapacity of those engaged in the sale of foreign obligations.'

"This, I think, is indicative of a purpose to deal with such 'bonds' and 'securities' and with 'other obligations' of like nature observing the rule of ejusdem generis—that is, obligations such as those which had been sold to the American public to raise money for the use of the foreign governments issuing them—not contemplating foreign currency, postal money orders, drafts, checks, and other ordinary aids to banking and commercial transactions, which are 'obligations' in a broad sense but not in the sense intended. It was obviously not the purpose of the Congress to discontinue all commercial relations with the defaulting countries."

Direct recourse to the legislative history of the act confirms that both distinctions here made—that between loans and commercial credit and between securities and commercial paper—reflect accurately the intention of Congress and the policy it sought to implement. As noted by Attorney General Cummings, it was obviously not the purpose of the Congress to interfere with the ordinary incidents of trade relations with the defaulting nations as distinguished from participation by them in the capital markets of the United States. Moreover, the debates provide numerous indications of Congress familiarity with the distinction between traffic in "bonds [and] securities" and commercial dealings. A parallel was drawn with the recently enacted securities acts in terms of the need to protect unsophisticated investors (78 CONGRESSIONAL RECORD 6048, 6052). Reference was also made to section 5 of the Reconstruction Finance Corporation Act (47 Stat. 7 (1932)), which expressly prohibited the making by the RFC of "advances \* \* \* upon foreign securities or foreign acceptances," or drafts and bills of exchange secured by goods in transit to Europe. See 78 CONGRESSIONAL RECORD 6051. The contrast in the language of the two acts, together with the context in which the Johnson Act was passed, makes it clear that the Johnson Act does not apply to the assignment or negotiation by an American seller,

in the ordinary course of business, of contract rights or commercial paper resulting from sales of goods on normal commercial terms.

It should be understood that the types of transactions discussed above would violate the act, regardless of their purely formal characteristics, if used as a subterfuge to evade it. Thus, for example, extensions of credit for an inordinately long period might be used as a device to circumvent the prohibition against loans. This question need not be considered in detail here since you inform me that any extensions of credit that may be involved will be within the range of those commonly encountered in commercial sales of a comparable character. Subject to that qualification, I conclude that none of the transactions outlined in your letter would be prohibited by the Johnson Act.

#### II. SECTION 2(C) OF THE AGRICULTURAL ACT OF 1961

Section 2 of the Agricultural Act of 1961 (75 Stat. 294; 7 U.S.C. (supp. IV) 1282 note), declares it to be " \* \* the policy of Congress to—

"(c) expand foreign trade in agricultural commodities with friendly nations, as defined in section 107 of Public Law 480, 83d Congress, as amended (7 U.S.C. 1707), and in no manner either subsidize the export, sell, or make available any subsidized agricultural commodity to any nations other than such friendly nations and thus make full use of our agricultural abundance."

The adoption of this declaration of policy followed the announcement by the Department of Commerce in June 1961 of a change in existing export licensing policy to permit the sale of subsidized surplus agricultural commodities to the Eastern European Soviet bloc. The announcement indicated that consideration would be given to approval of export licenses for shipment of such commodities, including commodities acquired directly or indirectly from Commodity Credit Corporation stocks, to the Soviet Union and other Eastern European countries, provided the commodities were sold for convertible currencies (hearings before the House Select Committee To Investigate and Study the Administration, Operation, and Enforcement of the Export Control Act of 1949, and Related Acts (87th Cong., 1st sess.), p. 109).

Section 107 of Public Law 480 (Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 457; 7 U.S.C. 1707)), referred to in the declaration of policy, defines the term "friendly nation" to mean "any country other than (1) the U.S.S.R., or (2) any nation or area dominated or controlled by the foreign government or foreign nation controlling the world Communist movement." Public Law 480 authorized, inter alia, export sales for soft currencies and for long-term credits. See United States Code 1701, 1731. Sales of this character are authorized only with respect to "friendly nations," as defined in the act, but no restriction is imposed on commercial sales for cash or short-term credits.

During consideration by the House of the bill which became the Agricultural Act of 1961, Representative LATTA, referring to the change of policy announced by the Department of Commerce, proposed adding to the declaration of policy already contained in section 2(c) the language: "and in no manner either subsidize the export, sell, or make available any subsidized agricultural commodity to any nations other than such friendly nations." He objected to selling subsidized agricultural commodities to the Soviet bloc—even sales not involving any element of assistance under Public Law 480—because sales at the world market price would, in his view, give bloc countries the benefit of subsidies paid by the Commodity

Credit Corporation to American producers and exporters.<sup>2</sup> He urged that this was objectionable "in view of the world situation." After some debate as to the meaning and desirability of the amendment, it was adopted (CONGRESSIONAL RECORD, vol. 107, pt. 10, pp. 13746-13748). The conference committee accepted the amendment (H. Rept. 839, 87th Cong., 1st sess., p. 28).

It is clear that the policy declaration contained in section 2(c) does not have the legal effect of prohibiting commercial sales of subsidized agricultural commodities to bloc countries at world market prices for U.S. dollars, gold, or convertible currencies. Declarations of policy in legislation, like preambles and other introductory material, do not alter specific operative provisions of law. *Sinclair Refining Co. v. Atkinson*, 370 U.S. 195, 202 (1962); *Lauf v. E. G. Shinner & Co.*, 303 U.S. 323, 330 (1938); *Price v. Forrest*, 173 U.S. 410, 427 (1899); *Yazoo R. Co. v. Thomas*, 132 U.S. 174, 178 (1889); Sutherland, "Statutory Construction" (3d ed.), section 4820. This rule is particularly relevant where, as here, the declaration of policy was not contemporaneous with the enactment or amendment of any of the basic pertinent statutes: the Export Control Act, the Agricultural Act of 1949, and the Commodity Credit Corporation Charter Act.<sup>3</sup>

I have examined the history of the declaration with care and find no indication that Congress itself viewed the amendment as more than an expression of its policy, to be given consideration by the Executive in making decisions within the framework of authorizations and prohibitions established by prior law. Representative LATTA, who sponsored the declaration himself stated that its purpose was to have the Department of Commerce know "what the sense of this Congress is" with respect to the transactions in question (CONGRESSIONAL RECORD, vol. 107, pt. 10, p. 13746). And Representative HOEVEN, one of its supporters, pointed out that the

<sup>2</sup> Under sec. 407 of the Agricultural Act of 1949 (63 Stat. 1055, as amended; 7 U.S.C. 1427), the Commodity Credit Corporation is authorized to sell subsidized agricultural commodities owned or controlled by it for export at less than the domestic price. Representative LATTA stated that under the Department of Commerce proposal "the American taxpayer will now (be) picking up the difference between the world price and the domestic price. \* \* \* The exporter would charge this difference to the taxpayer" (CONGRESSIONAL RECORD, vol. 107, pt. 10, p. 13746). In fact, as noted by Chairman COOLEY of the House Agriculture Committee in debate on the floor of the House, since the commodities in question are surplus, the American taxpayer in each case has already "picked up" not merely the difference between the world price and the domestic price, but the entire amount of the domestic price. Export transactions can be said to involve a "subsidy" only because the losses incurred in maintaining the domestic price support program are not deemed realized until a sale occurs. The net result of export transactions, therefore, is to reduce the loss to the taxpayer by the amount of the world market price (id. at 13747).

<sup>3</sup> Export Control Act of 1949 (63 Stat. 7, as amended, 50 U.S.C. App. 2021 et seq.) (authorizing the President to regulate exports, including their financing, transportation, and other servicing); Agricultural Act of 1949, sec. 407, supra (CCC authorized to sell agricultural commodities for export at less than support prices; Commodity Credit Corporation Charter Act, sec. 5, supra (CCC empowered to procure agricultural commodities for sale to foreign governments, and to export such commodities, or cause them to be exported, and to aid in the development of foreign markets for these commodities)).

amendment "pertains only to the policy section of this bill" (id. at 13747). At no point in the legislative consideration of the declaration was any effort made to revise or to repeal the statutes that would have to be deemed amended if the policy were to be given binding legal effect.

The Congress could, of course, have embodied its policy in a provision of positive law to which the executive branch would have been bound to adhere. That it did not choose to do so is significant, not only in establishing that section 2(c) is without legal effect but in determining its proper interpretations and application as policy. Congress evidently contemplated that situations might thereafter arise in which the considerations of policy to which it was directing attention should not be decisive; that it would be necessary for the executive to consider and appraise the policy thus declared and to determine whether its application would serve the national interest in particular situations. Both Congress and the courts have traditionally sought to avoid restricting the executive unduly in matters affecting foreign relations because of the need for flexibility in this area and the fact that the Constitution entrusts the external affairs of the Nation primarily to the executive. *United States v. Curtiss-Wright Export Corp.* 299 U.S. 304, 319-321 (1936); *Chicago & S. Air Lines v. Waterman S.S. Corp.* 333 U.S. 103, 111-114 (1948). If, therefore, the executive branch should determine that permitting the sales in question would serve the national interest at this time, its action would not only be lawful but consistent with the intention of Congress as to the manner in which section 2(c) was to be interpreted and applied.

#### III. THE BATTLE ACT

I agree with the Under Secretary that the Mutual Defense Assistance Control Act of 1951 (65 Stat. 644, as amended; 22 U.S.C. 1611 et seq.) (the Battle Act), presents no legal obstacle to sales of agricultural commodities to Eastern European bloc countries. The Battle Act was designed to supplement the Export Control Act of 1949 (63 Stat. 7, as amended; 50 U.S.C. App. 2022-2032), which authorizes the President to "prohibit or curtail the exportation from the United States \* \* \* of any articles, materials, or supplies \* \* \* except under such rules and regulations as he shall prescribe." Pursuant to the Export Control Act, a comprehensive system of export licensing was set up to control the shipment of commodities from the United States to foreign countries. See House Report 318, 82d Congress, 1st session (1951). The Battle Act added to this system of regulation a mechanism for inducing other countries to embargo the shipment to the Soviet bloc of "arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value and items of primary strategic significance used in (their) production." See Senate Report 698 82d Congress, 1st session (1951). The act provides (sec. 103, 22 U.S.C. 1611(b)) for the termination of all military, economic, or financial assistance to any nation upon the recommendation of the Administrator of the program, subject to review by the President in certain instances, if it "knowingly permits the shipment to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination," of any of the embargoed materials. The act contains a further declaration of policy regarding the export, by countries receiving assistance, of other commodities "which in the judgment of the Administrator should be controlled." Section 201, 22 U.S.C. 1612. If a country receiving assistance from the United States does not

effectively cooperate in controlling exports of such commodities, all military, economic, or financial assistance is to be terminated upon a determination by the President of noncooperation. Section 203, 22 U.S.C. 1612b.

As indicated by the above summary of its provisions, the Battle Act did not purport to regulate private U.S. shipments to Soviet bloc countries, which were already subject to regulation under the Export Control Act. The Battle Act relates, rather, to trade with the Soviet bloc by countries receiving aid or assistance from the United States. Moreover, the transactions to which this opinion relates would be purely commercial in nature from the standpoint of the purchasing countries, and would, therefore, not involve "economic or financial assistance" within the meaning of the Battle Act. The Commodity Credit Corporation assists exports of agricultural products through the payment to U.S. exporters of subsidies designed to eliminate the impact on such exporters of the domestic price support program and thereby enable them to compete on an equal basis with foreign exporters. However, as the Under Secretary's letter states, the only "assistance" involved in the payment of such subsidies redounds to the benefit exclusively of U.S. producers and exporters.

As to both points, the following colloquy between Senator SPARKMAN, the floor manager of the Battle Act in the Senate, and Senator KEM, who advocated a more stringent bill, is instructive (CONGRESSIONAL RECORD, vol. 97, pt. 8, p. 10675):

"Mr. SPARKMAN. I should like to say that it does not make any difference what the United States is receiving (from the U.S.S.R.). That is not the question. The question relates to trade between Soviet countries and countries to which the United States intends to extend help.

"Mr. KEM. Exactly.

"Mr. SPARKMAN. Either economic or military. It has nothing to do with trade between the United States and Russia or any other country.

"Mr. KEM. I did not intend to imply anything else."

Accordingly, it is clear that the act has no application to the contemplated transactions.

#### IV. THE EXPORT CONTROL ACT

The Under Secretary's letter properly states that in any event the export of agricultural products to the Soviet Union and to bloc countries would require the issuance of licenses in accordance with the export control regulations promulgated pursuant to the Export Control Act of 1949, supra.

I am not aware of any other Federal statutes relevant to the problems involved. Accordingly, it is my opinion that the transactions described in your letter could be accomplished in conformity with the laws of the United States.

Sincerely,

ROBERT F. KENNEDY,  
Attorney General.

Mr. SPARKMAN. I now yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I am not clear yet as to the purpose of section 2 as offered by the Senator from South Dakota, which is being discussed in connection with the Attorney General's ruling. Very frankly, I have not yet had an opportunity to read the ruling.

Are not the pertinent words of the section 2 proposed by the Senator from South Dakota found beginning with the last word on line 7, page 2, and including lines 8 and 9?

Perhaps I do not read the language correctly, but if I do, it provides that the

Export-Import Bank can go forward with the transactions if the transactions are considered to be comparable to those generally prevailing in commercial transactions of comparable character, not being a loan.

In other words, if this transaction involves a credit risk of a bank in New York, and the Export-Import Bank guarantees the credit risk, would that be a commercial loan or a guarantee of a commercial transaction?

Mr. MUNDT. I believe I can make that clear.

Mr. SPARKMAN. I yield to the Senator from South Dakota.

Mr. MUNDT. I believe what has confused the Senator from Massachusetts is a reading into the language of the amendment of the words "Export-Import Bank," which is not involved. The Senator will notice that this language refers to an assignment by an individual, partnership, corporation, or association within the United States—not to a Government association like the Export-Import Bank. I believe that has confused the Senator.

The amendment deals only with private financial institutions which export or which finance exports. It does not involve the Export-Import Bank.

Mr. SALTONSTALL. May I ask the Senator from South Dakota a question?

Mr. SPARKMAN. I yield for that purpose.

Mr. SALTONSTALL. The Senator is saying that the Export-Import Bank, under the terms of its act, is prohibited from making the guarantee, but an individual bank can do so if the transaction is comparable to an ordinary commercial transaction.

Mr. MUNDT. That is exactly correct. That is the ruling of the Attorney General. It will be even more correct if we adopt the Robertson amendment.

Mr. SALTONSTALL. Mr. President, I thank both the Senator from Alabama and the Senator from South Dakota.

Mr. SPARKMAN. Mr. President, if the Senator wants his amendment adopted, I personally have no objection to accepting the amendment.

Mr. ROBERTSON. Mr. President, I call for a voice vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. MUNDT].

The agreement was agreed to.

Mr. SPARKMAN. Mr. President, I shall speak briefly on the bill. As I see it, there are really two questions involved.

The first question is, Do we want to sell grain to Russia and to other Communist countries? I can understand the argument of those who are against the sale of grain and other commodities to Russia and other Communist countries. I can understand their favoring this bill and being opposed to going through with the so-called grain deal.

If we are not opposed to the sales in principle, it seems to me the next question is one of terms—whether or not the terms upon which the sales are to be made are adequate.

A few minutes ago I explained that the terms under this particular bill were made by private grain dealers with negotiators from Russia. They happened to be the identical terms the Canadians agreed to, except that the Canadian rate of interest was slightly higher, or was supposed to be. I do not know that we were given the exact rate.

Again, I say that what the Canadians and Russians agreed to as to downpayments and installments is a moot question, since the amount the Russians actually paid down was 80 percent, and not the 25 percent the agreement called for. We were told that the Russians decided to make a larger downpayment than the agreement required in order to avoid that much of a payment of interest.

Our terms were 25 percent cash, 25 percent at the end of 6 months, 25 percent at the end of 12 months, and the final 25 percent at the end of 18 months.

It would require a considerable time to deliver the grain. I understand that the grain is supposed to be delivered by May 31 of next year. Consequently, the second payment may become due before all the grain has been delivered, assuming that delivery is started soon.

I had felt that Senators who opposed the bill opposed it on the ground that it would not be good business to extend credit to the Soviet countries. But the chairman of the committee, who sat through all the hearings and heard all the witnesses who come before the committee, stated today that credit worthiness is not the issue.

I want Senators to remember that statement—credit worthiness is not the issue.

He argued that the real issue is the building up of the economic strength of Soviet Russia and the Communist countries.

It has been brought out that several years ago, when conditions were more tense than they are now, and the prohibited list of goods for shipment to Communist countries was established, neither wheat, corn, grain of any kind, or any other food commodity was included in that list. That fact should be added to the statement.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from North Dakota.

Mr. YOUNG of North Dakota. If it were a question of withholding wheat from Russia or the Communist bloc countries for security reasons, I think all Senators would vote unanimously to withhold it.

Mr. SPARKMAN. Certainly.

Mr. YOUNG of North Dakota. But it is a fact that Russia can get all the wheat she wants from Canada, Australia, and other countries.

Mr. SPARKMAN. And is getting it.

Mr. YOUNG of North Dakota. Last year the wheat acreage in this country was the lowest since 1904. The acreage this year is the second lowest. It was 400 million bushels below the record.

I hold in my hand a publication entitled "Wheat Pool Budget," published in

Calgary, Alberta, Canada. Let me read from it:

The wheat crop, according to the November estimate, is at an all-time high of 723,442,000 bushels, of which the Prairie Provinces accounted for 703 million bushels.

Further, the article states:

This year's huge prairie wheat crop was grown on the second largest acreage ever sown. The area sown to wheat on the prairies this year is set at 26,996,000 acres, second only to the 27,750,000 seeded in 1940.

We in the United States are going out of the wheat business. We have no other crops that we can substitute for our loss in wheat acreage. Canada is increasing her acreage and is marketing her wheat. This is what is happening with our allies. Germany, France, Italy, and Canada are getting rich with our one-nation blockade of Russia and bloc countries while we sit back and refuse to sell even nonstrategic goods.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. I was happy to note that the Senator from North Dakota made a statement in the beginning that this policy was proving to be a bonanza for Canada and Australia. Toward the end he mentioned our Western European Allies.

If we do not sell the wheat to the Soviet Union—and I may say the chances are doubtful at best—we can expect continued increasing storage costs, and an increase in the drain on our gold, and that wheat sales will probably be increased to a country like Western Germany, which is always finding fault with this country in our trade policies. We should determine what our own trade and foreign policy will be.

What will West Germany do? What she is doing now. She will continue to buy our wheat, mill it into flour, and not only sell it to the Soviet Union and the satellite states, but sell it and machinery to Communist China as well. But we will pay the price.

Mr. SPARKMAN. Either the Senator from Montana or the Senator from North Dakota gave the figures the other day. Does either Senator have the figures showing the amount of trade between West Germany and East Germany?

Mr. JAVITS. Mr. President, if the Senator will yield, I have that figure. It amounts to about \$1½ billion a year.

Mr. SPARKMAN. About \$1½ billion a year.

Mr. JAVITS. Yes; about one-third of it with East Germany. The interesting thing is that the influence of West Germany on East Germany is something that should impress us. If we talk about a squeeze on Berlin, I think we should talk to East Germany. She would be able to tell us much about it.

Mr. MANSFIELD. But trade between Western Europe, the Soviet Union, Communist China, and the satellite states, amounts to between \$4 billion and \$5 billion.

Mr. JAVITS. It is about \$6.7 billion. It amounts to \$2.9 billion in imports and \$3.8 billion in exports.

Mr. SPARKMAN. I am sorry the Senator from Virginia [Mr. ROBERTSON] is not present, now that we are talking about building up the economic strength of the Soviet Union. Who is building it up? West Germany, a country we have been underwriting, is doing it. We are maintaining six divisions there today, that are helping to drain our gold. We strangle ourselves and say, "No trade with the Eastern bloc." Yet we sell products to West Germany, whose economy we have been largely supporting, and then we see West Germany do \$1 billion worth of trade a year with East Germany; and the Western bloc generally, or Western Europe, which we have supported in the past, and with which we are still allied, is building up the Soviet bloc economy by doing trade of more than \$6 billion a year. So how can it be said that we are building up the economic strength of Russia by selling merely \$250 million worth of grain to her out of our overflowing storage bins, while our friends in Western Europe, whom we are defending with six divisions there and with an outpouring of gold year after year, are trading to the extent of nearly \$7 billion a year?

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. PASTORE. While the Senator from North Dakota is on his feet, I hope we may have an explanation of the mechanics involved. Who is negotiating with the officials of the Soviet Union on the sale of wheat? Does the Government own the wheat? I hope the RECORD will show, because I have heard some rumblings to the effect that someone expects to make a big profit by acting as a broker. I think the RECORD should be made abundantly clear as to the mechanics involved.

Mr. SPARKMAN. Yes. I wish to yield further to the Senator from North Dakota in connection with the article he wishes to place in the RECORD.

Mr. YOUNG of North Dakota. Mr. President, I ask unanimous consent to have an article entitled "Wheat Pool Budget," published in Canada, printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Wheat Pool Budget, Nov. 15, 1963]  
RECORD WHEAT OUTTURN

A revised estimate of the Dominion Bureau of Statistics has pushed Canadian wheat production to an even higher level than the record forecast a month ago.

The wheat crop, according to the November estimate, is at an all-time high of 723,442,000 bushels, of which the Prairie Provinces accounted for 703 million bushels (Saskatchewan, 493 million; Alberta, 149 million; and Manitoba, 61 million).

The previous Canadian record wheat crop was harvested in 1952 and totaled 703 million, with the prairie crop amounting to 678 million bushels.

This year's average prairie yield of 27 bushels per acre is just slightly above the 26.7 bushel average harvested in 1952 and the 26 bushels per acre in 1915.

Alberta's wheat crop of 149 million is well below the record 180 million harvested in 1940 and has been exceeded in 9 previous years. The provincial average this year of

25.1 bushels per acre has also been surpassed quite a number of times, with the all-time high average still being the 31.1 bushels per acre harvested in the long-to-be-remembered year of 1915.

The Saskatchewan average yield of 27.5 bushels per acre was the best ever harvested in that Province, though it was only slightly ahead of the 1952 average of 27 bushels per acre.

This year's huge prairie wheat crop was grown on the second largest acreage ever sown. The area sown to wheat on the prairies this year is set at 26,996,000 acres, second only to the 27,750,000 seeded in 1940.

Mr. YOUNG of North Dakota. Years ago sales of wheat were handled on a nation-to-nation basis. About the second Eisenhower term, under Secretary Benson, that policy was changed, and thereafter it has been handled through the private grain trade. The wheat is taken from the Commodity Credit Corporation, and they are paid in kind for any export subsidies involved. With respect to dairy products, and some other commodities, the sales are still made on a nation-to-nation basis. However, what I have described has been the policy for the past 6 or 8 years, and the grain sales are handled by the private grain traders.

Mr. PASTORE. Who owns the wheat? If the Russians, for example, were to buy a million bushels of wheat, where would that wheat be? Would it be on a farm or would it be in storage? If so, would it be in Government storage?

Mr. YOUNG of North Dakota. If no wheat were available on the cash market, a part of it would come from Government stocks.

Mr. PASTORE. Does the Government own it?

Mr. YOUNG of North Dakota. The Government owns most of the wheat—over 1 billion bushels.

Mr. McCARTHY. The Government has paid for it.

Mr. PASTORE. Who would make a profit on the deal?

Mr. YOUNG of North Dakota. The private grain trade, no doubt, make their customary profit.

Mr. PASTORE. Who is the private grain trader?

Mr. YOUNG of North Dakota. About four or five international grain traders, I would say. I do not recall who all of them are. There are not many companies in the international trade. They include Cargill, International, and the Bunge Corp.

Mr. PASTORE. How much a bushel do they charge?

Mr. YOUNG of North Dakota. I do not know what their charge is. On a big sale like this, I suppose it would be less, but their profit would still be sizable.

Mr. SPARKMAN. They do not charge the Government anything. The Government took the grain into storage.

I should like to yield to the chairman of the Committee on Agriculture and Forestry.

Mr. PASTORE. I should like to understand who makes what.

Mr. ELLENDER. Mr. President, it is my understanding that the grain dealers have shaved their commission to very little or nothing, so as to make it

possible to sell the wheat to Russia. I was informed, about 2 hours ago, that it would be cheaper to handle it this way than if the Government itself made the sale directly. That is what I was told about 2 hours ago, when I tried to get the information on this sale.

Mr. PASTORE. Do I correctly understand that the wheat is owned by the Government, and that it is in storage? Further, am I to understand that the brokers involved will get into this transaction and that they will make a commission on what they sell?

Mr. KEATING. What bothers me is that this is a sale by the Government to the exporters and a resale by them to Russia.

Mr. PASTORE. I am trying to find out what the mechanics are.

Mr. SPARKMAN. I will ask the chairman of the Committee on Agriculture and Forestry and the Senator from North Dakota to check me on this statement, to see if I am correct. When a farmer who grows wheat wants to take advantage of the support program, he puts his wheat into Government storage. The title to that wheat is still in the grower of the wheat who put it there. If the farmer does not take back that wheat within 12 months, title passes to the Government. I believe the Senator from North Dakota said that probably about 300 million bushels of wheat were in such storage.

Mr. YOUNG of North Dakota. About \$300 million worth, or about 150 million bushels.

Mr. SPARKMAN. About 300 million bushels—

Mr. YOUNG of North Dakota. No; dollars.

Mr. PASTORE. About 150 million bushels, I understand the Senator from North Dakota to say.

Mr. YOUNG of North Dakota. Yes; and involving about \$300 million. It includes not only wheat, but also some other farm commodities.

Mr. SPARKMAN. About 150 million bushels. I am talking about the wheat that is in Government storage, and still belongs to the farmers. I understand there are about 300 million bushels of such wheat.

Mr. YOUNG of North Dakota. The Federal Government owns more than a billion bushels.

Mr. SPARKMAN. I am trying to ascertain the amount that the growers have in storage as to which title has not passed, and which they can withdraw at any time.

Mr. YOUNG of North Dakota. It is my guess that it is about 300 million bushels.

Mr. SPARKMAN. That belongs to the private growers of the country.

Mr. YOUNG of North Dakota. These people will buy from producers who have the wheat in storage. It would take about 150 million bushels to fill the order that we are talking about.

Mr. PASTORE. It will be our responsibility—

Mr. YOUNG of North Dakota. And they, in turn, sell to the grain dealers at the best price they can get. The grain dealer negotiates with the Rus-

sians at the best price that he can get. It is a typical free enterprise system of doing business.

Mr. KEATING. Mr. President, may I ask the Senator a question?

Mr. SPARKMAN. I yield.

Mr. KEATING. Why is it that the exporter would buy from the private grain owner rather than from the part of the grain in storage which is owned by the Government?

Mr. SPARKMAN. I am glad to yield to the Senator from Minnesota.

Mr. MCCARTHY. Mr. President, the chairman of the committee could probably tell us that. However, there is a set of conditions which must be met before the Government can release the grain into the open market for unrestricted use. The requirement is 105 percent of the support price plus the carrying charges.

Mr. KEATING. In other words, it is to the advantage of the exporter to buy that part of the wheat to which title has not yet passed to the Government, and that is the reason why the Senator from Alabama—

Mr. SPARKMAN. I do not say positively that it would be to his advantage. It would be to the advantage of the private grower to withdraw his wheat and have it on the market. The private buyers will go to the free market before they try to buy it from the Government.

Mr. YOUNG of North Dakota. The grain trade will buy it wherever it can buy it the cheapest.

Mr. KEATING. Is the wheat commingled? Is the Government-owned wheat commingled with the other wheat?

Mr. MCCARTHY. Some of it is, and some of it is not.

Mr. YOUNG of North Dakota. The farmers can redeem that wheat under loan within a year. If they do not do so, the title passes to the Government. The Government owns more than a billion bushels outright.

Mr. PASTORE. In other words, this transaction is no different than any other transaction that has been going on. Is that correct?

Mr. YOUNG of North Dakota. It is exactly the same policy that has been followed for 6 or 8 years.

Mr. SPARKMAN. The same policy that is followed in selling wheat to West Germany.

Mr. PASTORE. If any of these countries were to buy wheat, the sale would be handled in precisely the same way?

Mr. YOUNG of North Dakota. Yes.

Mr. PASTORE. By the same people?

Mr. YOUNG of North Dakota. Yes.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MONRONEY. No matter how bad the credit risk might be, with respect to many of the smaller, independent, new nations, so long as they are not Communist nations, the accounts would be readily insured by the Export-Import Bank. Is that correct?

Mr. SPARKMAN. The Senator is correct.

Mr. MONRONEY. Is it not also correct to say that we have allowed the

newer nations to buy wheat for local currencies under the Public Law 480 program, and have sold hundreds of millions of dollars worth of wheat for approximately 10 to 15 cents on the dollar, spendable income, for local currencies, valueless to us, and then had the money loaned back to the country, with which they could do their WPA work?

Mr. SPARKMAN. I think the Senator has correctly described the situation.

Mr. SALTONSTALL. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. SALTONSTALL. As I read the opinion of the Attorney General in response to a letter written by Under Secretary of State Ball, the sales "would not involve extensions of credit except within the range of those commonly encountered in connection with other commercial sales for export of the commodities involved."

If the bill introduced by the Senator from South Dakota [Mr. MUNDT] were not passed, the Export-Import Bank would be permitted to guarantee the credit of the New York banks and would get five-eighths of 1 percent for doing so.

Mr. SPARKMAN. That is correct.

Mr. SALTONSTALL. If the bill introduced by the Senator from South Dakota were passed, the Export-Import Bank or any other agency of the Government would be prohibited from doing anything with relation to the undertaking.

Mr. SPARKMAN. The Senator is correct. He has made reference to the Johnson Act. I was about to call his attention to the fact that the Export-Import Bank itself was made immune from the Johnson Act by section 11 of the Export-Import Bank Act. That section provides that, in spite of the Johnson Act, any person, including any individual, partnership, corporation, or association, may act for or participate with the Export-Import Bank in any operation or transaction.

Mr. SALTONSTALL. That is correct.

Mr. SPARKMAN. I wanted the Senator to be certain of that.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MUNDT. The Senator from Alabama answered in the affirmative when the Senator from Massachusetts said that the Mundt Act would prohibit the Export-Import Bank from doing anything in connection with trade. That is not entirely correct.

Mr. SPARKMAN. I did not understand the Senator's statement.

Mr. MUNDT. There could be the extension of credit and the insurance of trade, or the amount of trade. "Not anything" is all-embracing.

Mr. SPARKMAN. I did not understand the statement of the Senator from Massachusetts to be quite so broad.

Mr. SALTONSTALL. As I understand, the Export-Import Bank can either make loans or insure or guarantee credit. Those are different functions.

Mr. SPARKMAN. That is correct.

Mr. SALTONSTALL. Under the opinion of the Attorney General, we know that there are the safeguards of the Johnson Act, the Battle Act, and the Agricultural Act. Also, there are the safeguards of the Export Control Act.

Mr. SPARKMAN. That is correct.

Mr. SALTONSTALL. So if the credit is to be guaranteed, there will still be those other acts that will keep trade with the countries behind the Iron Curtain under severe restriction.

Mr. SPARKMAN. That is correct. We should remember that none of the wheat can be shipped out without export licenses issued under the Export Control Act. Export licenses cannot be issued and will never be issued until the transactions have cleared all the hurdles to which the Senator has referred.

Mr. SALTONSTALL. In deciding whether to vote pro or con on the Mundt bill, am I correct in considering the problem in this way: First, the transaction is a commercial transaction, as to which there is a reasonable expectation that it will be completed without any risk to our Government. Second, should we, by passing the bill, further restrict our possible trade with the Soviet Union and other Iron Curtain countries, particularly in view of other acts limiting our trade, such as the Johnson Act and the Battle Act?

Mr. SPARKMAN. The Senator's act and the Battle Act?

The Senator's question covers exactly the question covers exactly the two points I made in the beginning of my remarks. I believe the Senator from Massachusetts had temporarily left the Chamber at that time. I said there are some who do not believe we ought to carry on any trade at all with the Eastern bloc countries, and that I could see some logic in their opposing the consummation of the grain transaction. However, if we are willing to have some trade between the West and the East, the second question is: Is this particular transaction creditworthy? I like that term. The chairman of the Committee on Banking and Currency, in supporting the Mundt bill, used that term. I believe the Senator from Massachusetts was in the Chamber when the Chairman said, in effect, "I want to make it clear in the beginning that creditworthiness is not an issue in this case."

Mr. SALTONSTALL. I believe the Senator from South Dakota [Mr. Mundt] was in the minority leader's room when the question was discussed.

Mr. SPARKMAN. Yes.

Mr. SALTONSTALL. It was stated that under the credit clause of the Export-Import Bank, the Federal Government has not lost a cent under insurance.

Mr. SPARKMAN. Under insurance. I believe it was said that there had been a loss of \$100 or \$200 occasionally, but that the total amount of loss by the Export-Import Bank was only \$1,000 or \$2,000, at the most, during the 29 years of the Bank's operation.

Mr. SALTONSTALL. It was my understanding that Mr. Sauer said there had been no direct loss, but that there had been a loss of perhaps \$2,800 on insurance guarantees, but none on the credit guarantees.

Mr. SPARKMAN. As I recall, it was said that there were some small items of \$100 or \$200 at a time, which may have totaled as much as \$1,000 or \$2,000.

Mr. SALTONSTALL. First, it is necessary to determine whether there is a credit risk that the Export-Import Bank is able to take; and second, whether we want to permit some trade with Russia. Perhaps a third element would be whether we want to dispose of some surplus wheat.

Mr. SPARKMAN. The Senator from Massachusetts has put his finger on the three questions that might be asked. He speaks about a credit risk. The chairman of the Committee on Banking and Currency, who is opposed to the sale, sat throughout all the hearings, heard all the testimony, and heard the officials of the Export-Import Bank testify how they weighed the credit risk. Yet he began his speech by saying, in effect: "I want to make it clear that creditworthiness is not an issue in this case."

Mr. SALTONSTALL. If credit risk is not an issue, the only question is whether such trade with Russia should be permitted.

Mr. SPARKMAN. That is correct. The chairman of the committee argued that such trade should not be permitted, on the ground that it would build up the economic strength of Russia.

The Senator from Massachusetts took part in a little exchange a few moments ago with the majority leader and with the Senator from North Dakota [Mr. Young] in which it was said that the value of the trade that is being conducted between West Germany and East Germany and Eastern Europe, and between West Europe and East Europe, is about \$7 billion a year.

Also, it should be remembered that the United States has six divisions in West Germany and that we are sending a stream of gold and dollars over there, which affects our balance-of-payments deficits and our reserve of gold in this country. Nevertheless, our Western Allies are selling or trading with the Eastern European bloc to the extent of \$7 billion a year. Yet it is said that the United States should not trade with the Eastern European bloc.

Mr. SALTONSTALL. The U.S. trade with the Eastern European bloc is not valued at more than \$30 million a year.

Mr. HOLLAND and Mr. JAVITS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Alabama yield? If so, to whom?

Mr. SPARKMAN. I yield first to the Senator from Florida.

Mr. HOLLAND. Is it not true that the Export-Import Bank has not been insuring sales to Iron Curtain countries for a long time?

Mr. SPARKMAN. It has insured three or four sales to Hungary rather recently. But before that it had not insured such sales.

Mr. HOLLAND. There has been an expansion of grain sales to Hungary amounting, in the past few weeks, to a total of about \$25 million.

Mr. SPARKMAN. The loans to Yugoslavia were direct loans.

Mr. HOLLAND. It is correct that the Export-Import Bank has not been insuring loans based upon sales to the countries behind the Iron Curtain for a long period of time, is it not?

Mr. SPARKMAN. Not since the Bank was created. I am not certain whether the Bank was ever asked to make such loans. Most of the trading has been in small amounts, and guarantees and insurance by the Export-Import Bank may well not have been necessary.

Mr. JAVITS. U.S. exports to the Soviet bloc in 1962 amounted to \$125 million. To the U.S.S.R., our exports amounted to \$15 million. Total trade with the Soviet bloc, both exports and imports, has amounted to less than \$200 million.

Mr. SPARKMAN. Our trade has been so slight that the banks themselves could finance it.

Mr. HOLLAND. The Senator from Alabama admits that if the Export-Import Bank insured time payments on the proposed sales, that would be a departure from a policy which has existed ever since the Iron Curtain was created?

Mr. SPARKMAN. Yes.

Mr. HOLLAND. I should like to ask another question: How does the distinguished Senator differentiate between Cuba and Russia, in connection with this matter? We do not permit anything—whether strategic or not—to be sent to Cuba; and we do not permit ships of our allies which have landed anything in Cuba to come into our ports. How does the distinguished Senator from Alabama differentiate between our letting down—as proposed—the bars, in terms of trade with Russia and countries behind the Iron Curtain, and our absolute prohibition of trade of any sort with Cuba?

Mr. SPARKMAN. First of all, we do not have with Cuba the diplomatic relations which we have with Russia, Hungary, and various other Iron Curtain countries.

Second, I intended to state later in my remarks—although I might not have time, for I must yield to other Senators—some facts in regard to how carefully the Export-Import Bank has examined the question as to the creditworthiness. It was so careful about that, that I believe the Senator from Florida heard the Senator from Virginia said that creditworthiness is not at issue.

Mr. HOLLAND. I did not hear him say the credit risk was good. He only said that creditworthiness was not involved.

Mr. SPARKMAN. He said, "I believe creditworthiness is not involved in this case."

Mr. HOLLAND. I agree that he said that. But he did not say that the Export-Import Bank had determined that the credit risk was a good one.

Mr. SPARKMAN. A few minutes ago I said I intended to discuss the testimony, to show how carefully the Export-Import Bank examined this question, and that its representatives talked with the head of the export insurance organization in the United Kingdom that has been trading on credit terms with Russia for the past 10 years, and

without the loss of a single dime or a default of a single dollar; and they talked with the export exchange officials of Canada, in regard to the Canadian trade, and with the corresponding officials of other countries. The Export-Import Bank has made a careful survey. It has an Advisory Committee, which is composed of some of the best business leaders and industrial leaders in the country. The Advisory Committee was in session in October; and after a long, full, and careful discussion of the facts in this case, the Advisory Committee voted in favor of going through with the proposed transaction and granting credit. I believe that the Board of the Export-Import Bank is honest, careful, prudent, able, and businesslike. That Bank has been functioning for 29 years, and has done billions of dollars' worth of business; and during all that time it has made a profit of nearly \$2 billion. It has paid into the U.S. Treasury about \$1 billion, and has retained, and today has a reserve of, \$840 million. It seems to me that is good business; and if I were connected with a bank with a board of directors who were able to carry on business of that kind, I would be willing to listen to them when the time came to determine creditworthiness.

Mr. HOLLAND. I agree that the Export-Import Bank has done its work well. I only hope that in formulating the policy the executive branch and the legislative branch will do their work equally well.

With great apprehension I heard the Senator say that we should go into this business because Canada is going into it.

Mr. SPARKMAN. The Senator did not hear me say that.

Mr. HOLLAND. And that the friendly nations were doing it, too.

Mr. SPARKMAN. No; I said we were selling grain to West Germany and other Western European countries which, in turn, were selling it and its products to Russia. All I said about Canada was that the terms of the sale of the wheat—which were negotiated by private grain dealers in the United States with grain dealers in Russia—were almost exactly the same as those negotiated with Canada.

Mr. HOLLAND. But we are outbidding Canada, because we are fixing a 5-percent rate of interest, whereas Canada fixed the rate of interest at 5½ percent.

Mr. SPARKMAN. That is because the prime rate of interest in Canada is higher than it is here.

Mr. HOLLAND. But does the Senator from Alabama think that merely because Canada sells to Red China, we should do the same?

Mr. SPARKMAN. No; and I did not connect that sale with this proposed sale, although I did say something about the futility of our not selling wheat to Russia when we were selling it to Western European countries which, in turn, sell to Russia; and I said this sale would be on the same terms as those sales.

Mr. HOLLAND. But we are proposing to outbid them by one-half of 1 percent interest.

Mr. SPARKMAN. As I have said, that is merely because our prime interest rate is lower than Canada's.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. YOUNG of North Dakota. I raised the question of Canadian sales, because since Canada is willing to sell to Russia all the wheat Russia needs, the question is not whether Russia will get the wheat she needs.

Mr. SPARKMAN. That is correct; and I recall that previously the Senator from North Dakota brought up that point.

Mr. JAVITS. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield.

Mr. JAVITS. I should like to submit the figures in regard to the trade with West Germany, and also in order to help settle the question in regard to sales of strategic goods. The figures I shall submit are for 1962, the latest available.

West German exports to the Soviet bloc in 1962—and including exports to Red China, and so forth—were \$750,400,000, of which \$214 million went to East Germany and \$536,400,000 went to other Soviet-bloc countries.

West German imports from the Soviet bloc in 1962 were \$740,800,000, divided as follows: From East Germany, \$228,600,000; from other Communist-bloc countries, \$512,200,000.

Total West German trade with East Germany in 1962 was \$442,600,000; in the same year, total West German trade with other Communist-bloc countries was \$1,048,600,000.

As for U.S. trade: In 1962, U.S. exports to the Soviet bloc amounted to \$125 million.

In 1962 U.S. imports from the Soviet bloc amounted to \$82 million.

In short, the total 1962 trade between the United States and the Soviet bloc—both exports and imports—amounted, in round figures, to approximately \$200 million.

Mr. SPARKMAN. I appreciate the helpfulness of the Senator from New York in placing those figures in the Record.

In order that the area of the debate may be narrowed, I wish to ask a question. The Senator from Virginia said this bill would lead to the sale of munitions. But did not the Secretary testify that the curbs we have placed on the sale of strategic goods to our allies are working very well?

Mr. JAVITS. But we are not talking about that. We are talking about a policy under which we do not sell strategic goods to the Communist-bloc countries, but the western European countries do. So the question is, To what extent, if any, shall we go into the proposed arrangement on normal terms?

Mr. SPARKMAN. I think the Senator is entirely correct.

We have not had a great deal of trouble in following our policy of not selling strategic goods to the Communist bloc. Even in the days of the Korean war, we got along fairly well with our laws in connection with sales of strategic

goods, although there were some differences of opinion as to what constituted strategic goods. For example, we held to the position that medical supplies were strategic goods; but the British did not. I think there are a few similar items. But generally speaking we have done quite well in the matter of sales of strategic goods. This measure does not deal with the sale of strategic goods; it deals with the sale of grain and similar commodities.

Mr. TOWER. Mr. President, will the Senator from Alabama yield to me some of the time which is under the control of the Senator from South Dakota? I believe that arrangement would be fair to the Senator from Alabama.

Mr. SPARKMAN. If the Senator from South Dakota will do so, that will be very kind.

Mr. MUNDT. Mr. President, I yield up to 5 minutes to the Senator from Texas.

Mr. TOWER. The distinguished Senator from Alabama has said that the projected extension of credit to the Soviet for the purchase of wheat was very carefully considered by the blue ribbon advisory board—and it is a blue ribbon advisory board.

But there is a point in Mr. Linder's testimony that I think would tend to show that perhaps otherwise was the case. I should like to read the testimony of Mr. Linder when he was questioned by the Senator from Colorado [Mr. DOMINICK], which appears on page 173 of the hearings:

Senator DOMINICK. Now, Mr. Linder, you are aware, are you not, of the provisions in the Agricultural Act of 1961, in which Congress sets out its position against the sale of subsidized agricultural commodities to the Communist bloc?

Mr. LINDER. I have heard little about it this morning, sir. I can't say that I was familiar with it before then, but beyond that, I have no comment.

Senator DOMINICK. This also came up in 1961, during the time while the act was being amended and while you were being examined concerning this friendly foreign nation problem.

It would appear that the Commerce Department made the statement that export licenses for sales of agricultural products were being considered.

The Congressman from Ohio, Mr. Latta, immediately introduced his amendment as part of the preamble of the Agriculture Act of 1961, and it was adopted by Congress to show it was the policy of Congress not to sell subsidized agricultural commodities to the Communist bloc.

Now, you say you were not aware of this until this morning?

Mr. LINDER. I was not aware of it until this morning.

Senator DOMINICK. Was this fact brought to the attention of your Board members?

Mr. LINDER. No, it was not part of any discussion I had.

Senator DOMINICK. Was it brought to the attention of any members of the Advisory Board?

Mr. LINDER. No, it was not.

So it seems to me that a very important element in the consideration of the extension of credit was left out in the discussions with the advisory board. Certainly, the proposal does represent a major policy reversal. I believe it is really contrary to the spirit, if not the

letter of the Latta amendment. Mr. Linder had no knowledge of it, and the advisory board apparently had no knowledge of it, and that point was not considered when they were carefully deliberating the proposed deal.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I promised I would yield to the Senator from South Dakota. I yield to him.

Mr. McGOVERN. Mr. President, I desire to make two or three brief observations. I was not privileged to be present at the hearings of the Committee on Banking and Currency. If I am incorrect in my observations, I wish that the Senator from Alabama, who is doing such an excellent job of explaining the issues involved, would correct me.

My first assumption, based upon what I have been able to learn from the hearings and the testimony submitted by the executive offices of the Government, is that if the bill now before the Senate is passed, the chances for wheat and other agricultural trade with Eastern Europe and the Soviet Union would be killed.

Mr. SPARKMAN. In instances in which large amounts of commodities would be involved, the chances certainly would be killed. Relatively small amounts could still be handled.

Mr. McGOVERN. I know that at the present time we are not only selling some agricultural commodities, but we are also selling textile machinery, farm machinery, and other things to the Soviet Union. But certainly any substantial transaction would be blocked by the bill.

The second observation I should like to make is that it is generally agreed by both the proponents and the opponents of the bill that it would be in our economic interest to participate in the transaction. It would be of great benefit to American agriculture. No one denies that. It would be of great benefit to the taxpayers who are paying the cost of keeping the commodities in storage. It would certainly be a great contribution to our balance-of-payments problem, as the Senator from Missouri has brought out. So it seems to me that the question turns on what our attitude will be toward the Soviet Union. I believe that the chairman of the Committee on Foreign Relations put that issue as sharply as I have seen it or heard it stated. His comments were picked up in part by the Washington Post in an editorial that appeared on Monday. In quoting the Senator from Arkansas, the editorial stated:

The issue involved in this bill, he said, is "whether we are to regard the Soviet Union as an implacable enemy for all time and for all purposes, or whether we are to regard it as a powerful and dangerous antagonist whom we can and should influence in various ways with a view toward inducing it to abandon its aggressive designs."

The whole thrust of the foreign policy of our late beloved President Kennedy was to take that latter course, and to try in some way to get us off a course that may lead us into a nuclear war—into a major catastrophe—and to move instead in the direction of a more hopeful and a more peaceful world. Certainly, no one can deny that international commerce

between even competitive and rival nations is one useful way to build a more peaceful world.

On Sunday at the Capitol the Chief Justice, when he was speaking about the President's death, made the following observation: "but we do know that such acts are commonly stimulated by forces of hatred and malevolence, such as today are eating their way into the bloodstream of American life."

I fear that that same kind of hatred is a reflection of the relations that exist among the countries of the world. To whatever extent we may take even a small step in the direction of reducing hatred and tension in the world, it seems to me that we will be making a contribution that is even more valuable than the dollars involved in the transaction.

The Senator from Virginia (Mr. ROBERTSON) spoke of the danger of giving food to armies, pointing out that armies march on their stomachs. The point is that we are not at war with the Soviet Union. We are not at war with Czechoslovakia, Hungary, Poland or Yugoslavia. We may disagree, as we do disagree, with their form of government. We are not at war with those countries. If we ever do get into a war with the Soviet Union, it will be all over for most of us before we have an opportunity to mill a bushel of wheat or even make a loaf of bread. It will mean the end of the societies in both our countries.

It seems to me that what we need to do in these very crucial and dangerous times is to take advantage of every opportunity that is presented to us to relax some of the tensions and dangers that threaten to destroy us all. In my view, that is the crucial issue which is involved in what we are debating today.

I thank the Senator.

Mr. SPARKMAN. I believe the Senator from South Dakota has made a very fine contribution to the debate.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HICKENLOOPER. I am considerably disturbed by the whole situation. I do not know whether the Senator from Alabama has the same recollection that I do about the subject. But when the wheat deal with Canada first arose, there was no solicitation on the part of any Iron Curtain countries to buy wheat from us. But immediately certain of our people rushed into the market of trade and began to solicit the sale. The sale was not solicited by the Iron Curtain countries, but it was solicited by certain private agents in this country attempting to drum up a deal whereby we could sell wheat to the Russians.

Mr. President, no one wishes to get rid of our surpluses any more than I do—in a wise and a constructive way. I was given the assurance, and it was my firm understanding after this transaction had milled and developed for a substantial period of time, even before the Russians, so far as any answers to any questions I asked them were concerned, had still not asked for any kind of proposal for the sale of wheat. The deal was being generated here, in Minneapolis, and in other places. I was assured that the Russians and the Iron Curtain countries

with Russian support had the cash and the resources to pay for the wheat on the barrelhead, and that it would be a cash transaction with the United States for the sale of the surplus wheat.

I labored under that assurance until about a day or two before the Senator from South Dakota introduced his bill. So to my astonishment I found that the rules of the game had been changed somewhere, somehow, and we proposed to guarantee the credit of these companies with Government credit for 75 percent of the purchase to the Export-Import Bank.

I was utterly astounded, because that was exactly the opposite from my understanding.

With the understanding that it was to be a sale for cash, and under reasonable and proper conditions of movement—shipping and otherwise—I said, "I can go along with that." I thought it was a "plus" in the movement of the surplus.

We have reached the point where one wonders. There are two issues involved, from my standpoint. It is not merely a question of a sale for cash. I have already said I would favor that. That was my understanding of what was to be done.

Now there is involved a question of the U.S. Government guaranteeing the credit. That would be fine for the New York bankers. It would be wonderful for the march of trade. The bankers would lend the money, would take no risks whatsoever, and would collect the interest. It would be wonderful for them. There would be no risk, and it would be a good business deal.

There is one other factor involved. There is the question of ocean freight rates, which I understand is involved in the negotiation. If we are so concerned about doing business in the world market under normal trade and credit condition terms, why do we not permit the Russians or the Iron Curtain countries to ship the wheat in bottoms at the most advantageous price for us? Why do we insist that they must pay a substantial percentage more for freight rates, and compel them to ship in more expensive bottoms than they would otherwise do?

Those are the two factors involved.

I believe we should approach the credit situation cautiously. I am against putting the Federal Government's credit behind this commercial transaction, under all the circumstances.

I agreed that I could go along with the sale for cash on the barrelhead, because it had been represented that Russia and the Iron Curtain countries had gold, convertible dollars, and foreign exchange, and could pay for it.

Why should we put American Government guarantees behind this transaction in order that certain grain dealers and banks may make a profit out of it? I do not know why. If they want to enter into the transaction, let them take the risks involved. Let them stand behind the credit which they so loudly say is completely good.

Those are the two points involved.

Mr. SPARKMAN. I shall answer very briefly.

About the ships, I believe it has long been a policy in this country—I know

there is some provision in law relating to it—to require 50 percent of certain cargoes to be carried in American bottoms.

Mr. HICKENLOOPER. Just a moment.

Mr. SPARKMAN. I am not saying that that applies to this particular transaction, but there is such a law in connection with certain things we ship. I do not know whether it applies in this instance or not.

Mr. HICKENLOOPER. That does not apply to the normal commercial trade. It applies to Public Law 480 transactions, in connection with which we are giving things away.

Mr. SPARKMAN. There are some other areas in which the program applies, also.

Mr. HICKENLOOPER. Other aid programs.

Mr. SPARKMAN. But we are not to pay that differential in shipping. The Russians are to pay it, they accept it.

Mr. HICKENLOOPER. That is one of the stumbling blocks.

Mr. SPARKMAN. That is one of the hard points of negotiations.

Mr. HICKENLOOPER. It is a stumbling block.

Mr. SPARKMAN. With reference to the public guaranteeing this transaction, I remind Senators that the guarantee is based on a premium which has proved over a period of 29 years to be safe, sound, and profitmaking.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HICKENLOOPER. The Senator is in error.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. May I pursue this subject?

Mr. SPARKMAN. Yes.

Mr. HICKENLOOPER. The Senator said that this program has been proved over a period of 28 or 29 years.

Mr. SPARKMAN. Twenty-nine years.

Mr. HICKENLOOPER. I hope the Senator does not mean to rely upon that statement, because we have not been dealing with Iron Curtain countries for 29 years.

Mr. SPARKMAN. I am not talking about dealing with Iron Curtain countries.

Mr. HICKENLOOPER. We are dealing with credit.

Mr. SPARKMAN. Let me deal with the credit.

Mr. HICKENLOOPER. The credit of Iron Curtain countries.

Mr. SPARKMAN. If the Senator will wait a moment, I shall return to the question of the credit. I have discussed it a half dozen times this afternoon.

With reference to the guarantee, and speaking only of the guarantee, it is based on the payment of a premium, like insurance. The premium is five-eighths of 1 percent, which will go in payment for the risk.

Mr. HICKENLOOPER. I understand.

Mr. SPARKMAN. I will repeat the statement I made a few minutes ago. Over the 29 years that the Export-Import Bank has been operating it has

proved its program of guarantees and its program of insurance. It has proved to be profitmaking.

Mr. HICKENLOOPER. Mr. President, if I may pursue this subject a little further, because it is quite important, the insurance phase of the program has been in effect for only a few years, not for 27 or 28 years.

Mr. SPARKMAN. I wish someone would check this statement. I believe I am not mistaken.

Mr. HICKENLOOPER. May I pursue the question a little further?

Mr. SPARKMAN. If I am not mistaken, the insurance or the guarantee power has been in effect for the full time under section 2(a). But perhaps the power was not very extensively exercised.

Mr. BENNETT. The insurance program began in 1953.

Mr. SPARKMAN. Very well.

Mr. HICKENLOOPER. I wish to make one additional statement. The fact that the Export-Import Bank has over a period of years had a good record with certain creditors does not guarantee that it will have a good record with other creditors. That argument to me is not at all sound.

Mr. SPARKMAN. Mr. President, if the Senator from Iowa will listen, I will state what I have stated about three times already this afternoon. I am sorry the Senator was not in the Chamber.

Mr. HICKENLOOPER. I have been present.

Mr. SPARKMAN. I refer the Senator to the testimony of Mr. Linder, Chairman of the Export-Import Bank. He tells how he went about examining the creditworthiness of this transaction.

If the Senator from Iowa had been present when the chairman of the committee spoke—

Mr. HICKENLOOPER. I was present.

Mr. SPARKMAN. He spoke in behalf of the Mundt bill.

Mr. HICKENLOOPER. I was present when the Senator spoke.

Mr. SPARKMAN. If the Senator was not present when the Senator from Virginia [Mr. ROBERTSON] started, he said, "Creditworthiness is not involved in this case." The Senator from Virginia sat and listened to the testimony of Mr. Linder.

Mr. HICKENLOOPER. He did not say, by that statement, that the credit was good.

Mr. SPARKMAN. Mr. President, at this point I should like to read into the RECORD what Mr. Linder said in response to a question I asked him:

At this point, you may ask a pertinent question. In making its decision, did the Bank's Board give adequate consideration to the credit risk involved in these sales? The answer is yes, the Board did find "reasonable assurance of repayment" as is required by the Export-Import Bank Act. We knew that these countries had been doing business with the free world for a long time and we had no reason to believe that they have ever failed to meet their commercial—I emphasize commercial—obligations.

Mr. Chairman, if I may, I should like to interpolate in my statement at this point to reply to a question which I understand was asked of Secretary Dillon yesterday in respect as to whether the Bank's Advisory Committee had considered the desirability of our

issuing a guarantee or financing the proposed sale of grains. I would like the members of the committee to know that the Advisory Committee met on October 14, 1963. Present were Messrs. Carl J. Gilbert, chairman of the Billette Co., and a director of Morgan Guaranty Trust Co.; Luis F. Corea, senior vice president of Riggs Bank, but a member of the Committee in his capacity as president of the Bankers Association for Foreign Trade; David M. Kennedy, chairman of the board of the Continental Illinois National Bank & Trust Co. of Chicago; Philip W. Pillsbury, chairman of the board of the Pillsbury Co., Minneapolis; Mr. Ralph T. Reed, chairman of the executive committee of the American Express Co.

Those were all present. Other members of the Committee were absent. They were:

Mr. William Biggs, vice president of the Bank of New York; Dr. James A. McCain, president of Kansas State University; Mr. Wilfred J. McNeil, president of Grace Line, Inc.; and Mr. Nat Goldfinger, director of the Department of Research, AFL-CIO.

I would summarize their judgment by saying that after extensive discussion our Advisory Committee felt that the Bank's facilities should be used to assist in financing these grain sales. If you wish, I have before me a copy of that section of the minutes of the meeting prepared by its chairman and I will be pleased to read it to you.

It is on the next page.

I ask unanimous consent that the extract from the minutes of the Advisory Committee, found at page 166 of the hearings, be printed in the RECORD at this point.

There being no objection, the extract was ordered to be printed in the RECORD, as follows:

After extensive discussion, the Committee felt that the Bank's facilities should be used to finance the exporters of wheat to Russia. Considering the magnitude of the transactions, and the unusual risks involved, it seemed highly unlikely that commercial banking credit would be available except (a) in token amounts on a pro bono publico basis; or (b) in respect of the earlier maturities.

Mr. SPARKMAN. May I say one other word in answer to the Senator from Iowa? The Senator made another point, with respect to the method of payment; he thought the payment was to be in gold. I will admit that, judging from some of the newspaper stories, that would appear to be true. The other day I read President Kennedy's statement in his news conference of October 10. I think it was the first time he had dealt with the subject. Secretary Rusk was before the committee and spoke on this point. I think members of the committee will remember that he said it would be in gold, dollars, or normal commercial terms.

Mr. HICKENLOOPER. What are "normal commercial terms"?

Mr. SPARKMAN. He said the period was not to exceed 3 years.

Mr. HICKENLOOPER. That is the same basis upon which I thought the sale was to be made. What are "normal commercial terms"?

Mr. SPARKMAN. He said not to exceed 3 years.

Mr. HICKENLOOPER. Normal commercial terms are loans arranged through private banking facilities without government guarantees. Are they not?

Mr. SPARKMAN. I do not think so. That is the definition of the Senator from Iowa; that is not my definition. Normal commercial terms are terms followed normally by the Treasury.

Mr. HICKENLOOPER. With Federal guarantees of ordinary commercial transactions?

Mr. SPARKMAN. It may be. They are terms that have been used over the years.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. FULBRIGHT. The Senator from Alabama does not need any assistance. He has done an extraordinarily fine job.

Mr. SPARKMAN. I should like to yield the floor to the distinguished Senator from Arkansas and let him speak on the bill.

Mr. FULBRIGHT. No; the Senator from Arkansas has spoken too much during the past few weeks. I merely wished to supplement what the Senator had said. I do not believe the Senator put in the RECORD a list of the countries—some 18 of them—that have the equivalent of or what is similar to the Export-Import Bank, which is used for the same purposes. I do not believe the Senator put that list into the RECORD.

Mr. SPARKMAN. No; I did not.

Mr. FULBRIGHT. It appears on page 92 of the hearings. I ask unanimous consent to have that list printed in the RECORD at this point, to show that it is not a unique operation that the Export-Import Bank engages in.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

There are no fewer than 19 entities abroad which provide export credit insurance or guarantees for exporters in their respective countries. These are as follows:

#### COUNTRY AND ENTITY

Australia: Export Payments Insurance Corp., Sydney.  
Austria: Oesterreichische Kontrollbank A. G., Vienna.  
Belgium: Office National du Dueroire, Brussels.  
Canada: Export Credit Insurance Corp., Ottawa.  
Denmark: Exportkreditraadet, Copenhagen.  
France: Compagnie Francaise d'Assurances pour le Commerce Extérieur, Paris.  
Germany: Hermes Kreditversicherungs A. G., Hamburg.  
India: Export Risks Insurance Corp., Ltd., Bombay.  
Israel: Israel Foreign Trade Risks Insurance Corp., Tel-Aviv.  
Italy: Istituto Nazionale delle Assicurazioni, Rome.  
Japan: Export-Import Bank of Japan, Tokyo.  
Netherlands: Nederlandsche Creditverzekering Maatschappij, N.V., Amsterdam.  
Norway: Garanti-Instituttet for Exportkredit, Oslo.  
Spain: Compania Espanola de Seguros de Credito y Caucion, S.A., Madrid.  
Sweden: Exportkreditnamnden, Stockholm.  
Switzerland: Geschäftsstelle für die Exportrisikoarantie, Zurich.  
Union of South Africa: Credit Guarantee Insurance Corp., Ltd., Johannesburg.  
United Kingdom: Export Credits Guarantee Department, London. Trade Indemnity Co., Ltd., London.

Mr. FULBRIGHT. I think it is worth reading into the RECORD, in connection with the point made by the Senator—although I know he is familiar with it—a statement from page 163 of the hearings, to show the normalcy of the operation:

One of the traditional activities engaged in by Eximbank involves the export of U.S. cotton. For example, in each of the past 12 years Japan has purchased U.S. cotton through credits extended by the U.S. commercial banking system on the guarantee of Eximbank. For the past several years these cotton sales have averaged \$60 million per year. This year's arrangements were made in July past. It was agreed that the customary term of 1-year repayment would obtain. Interest was fixed by Eximbank at 4½ percent per annum.

We were talking about this being a great concession. In this case it was 4½ percent per annum.

I continue to read:

Eximbank then approached 22 U.S. commercial banks designated by the borrower and offered them the alternative of issuing the credit without our guarantee or making the credit with our all-risk guarantee.

We would have been delighted if the banks had been prepared to extend the entire credit without our guarantee and retain the full interest of 4½ percent. In fact, however, only five commercial banks throughout the country were willing to advance \$7.1 million without our guarantee and thus earn the full rate of interest, while 17 commercial banks which took the balance of \$52.9 million insisted upon the guarantee of Eximbank. This latter group, of course, received a lower rate of interest, the difference being our compensation for the issuance of our guarantee.

Very clearly this is a case directly to the point made by the Senator from Iowa—whether or not this system of guarantees of rather substantial exports is in the normal course of trade. I think it clearly is, the only exception being, as has already been pointed out, that in this case it involves Communist countries. But it is the normal course of trade to extend guarantees on similar terms.

There is a variation in interest in the case of Japan, but in a case like Japan, financially strong though she is, the Bank still requires a guarantee in order to make a loan to engage in trade.

So the Senator from Alabama is certainly on sound ground when he says this is what is contemplated by the phrase "normal commercial terms."

That there has been a misunderstanding is not due to what the President said, but due to the inadequacy of the reporting in the press.

I shall conclude by saying that the Senator from Alabama [Mr. SPARKMAN] has presented the essential points of the case in an unanswerable way.

I believe the point made by the Senator from South Dakota is also extremely significant.

It is a great mistake for the Congress, particularly in times like these—and I do not mean because we have a new President; I said the same thing and would have said the same thing before the tragedy of the past few days—to tie the hands of the Executive, who is responsible for our foreign relations, in such a way. I think it would be an in-

hibition on his freedom of action in dealing with a large part of the world—not merely Russia, but the other countries of eastern Europe—and would put him under a great handicap in his efforts to try to loosen the ties that have heretofore bound, and still bind those countries to Moscow, as well as with respect to the President's freedom to deal with Russia herself.

If we are to hold the President responsible—and the country does—for the conduct of our foreign relations in the broadest possible sense, because he is given that function under the Constitution, it would be a great mistake for us to interfere with his freedom of action and then hold him responsible for failure to improve our relations in those areas.

Mr. SPARKMAN. And to improve the deficit in the balance of payments.

Mr. FULBRIGHT. I am speaking aside from that point. That aspect is discussed by many persons, but I am talking about the other aspect of the question.

To put it another way, if we reject the bill, it will not result in a mandate to the President to go forward under all circumstances. All it does is leave him some discretion. It is still problematical whether the negotiations can overcome the difficulties in the matter of shipping rates and other conditions.

Mr. SPARKMAN. The Senator from Arkansas may have heard the majority leader, at the beginning of the discussion, say that it was not at all certain that the deal would go through.

Mr. FULBRIGHT. It is not at all certain.

Let me read from page 171 of the hearings. This was an exchange between the Senator from Pennsylvania [Mr. CLARK] and Mr. Linder:

Senator CLARK. In fact everybody in the Western World is extending these normal credits to the Russians to advance trade on what you say is the normal commercial term, which in this case would be 18 months, and the experience with respect to repayment has been good?

Mr. LINDER. That is correct, sir. As a matter of fact, they have extended substantially longer terms than we are discussing.

There has been evidence and there has been discussion in the papers that recent negotiations in Europe among Western European countries were concerned with reaching some concession, a 5-year extension of credit by the Western European countries. We are not advocating that. That is true, of course, of all the Western countries.

Mr. SPARKMAN. Just above the part that the Senator was quoting, Mr. Linder, made this answer to a question from the Senator from Pennsylvania [Mr. CLARK]:

I would say that at the present time, West Germany has credits outstanding on terms up to 5 years, and possibly longer.

Mr. FULBRIGHT. Yes.

Mr. SPARKMAN. We are asking for 18 months, with 25 percent down, and 25 percent every 6 months.

Mr. FULBRIGHT. Congress almost daily complains of the Executive usurping its power. I believe this is a clear example of the Congress seeking to in-

fringe upon Executive power in negotiations as a part of our foreign relations with respect to trade.

It would be quite proper for Congress, if it wished to do so, to adopt the broad principle that hereafter we shall have no trade of any kind, and break relations with these countries. That would be the establishment of a policy. However, to interfere in this manner with the executive department's freedom of action, is, I believe, indefensible. It is an indefensible way to approach the problem. If that is what they want to do, they should be honest about it and say, "Let us break relations with the Communist bloc countries, and have no trade with them at all."

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, inasmuch as the debate is getting unnecessarily complicated, I should like to simplify it by asking two or three questions of the Senator from Alabama. What is the function of the executive branch of the Government in consummating the sale of grain products to Communist countries or Eastern European countries? What is the responsibility of the Executive in that connection?

Mr. SPARKMAN. Insofar as it involves a foreign policy position or a foreign policy matter, that is a power that resides in the executive branch.

Mr. AIKEN. In the executive branch of the Government?

Mr. SPARKMAN. Yes.

Mr. AIKEN. Does the Senator consider that the President has control over the operations of the executive branch?

Mr. SPARKMAN. He is the head of the executive branch.

Mr. AIKEN. Would it be possible for the President of the United States to order a cessation of business with European countries or to refuse to permit consummation of deals with Eastern European countries?

Mr. SPARKMAN. I assume he would have that power. Of course, he would have to consider that he might meet a great deal of opposition. After all, the President must more or less keep in step with public opinion.

Mr. AIKEN. Does the Senator from Alabama believe that President Johnson would use that power to the detriment of the United States?

Mr. SPARKMAN. I certainly do not.

Mr. AIKEN. What does the Senator believe will be the opinion of foreign countries in the event Congress deprives President Johnson of that power, or undertakes to deprive him of that power?

Mr. SPARKMAN. I started to say "undertakes to deprive him of that power." In that event, I believe they would view our action as weakening the power of the President.

Mr. AIKEN. Would it not be a vote of no confidence in President Johnson?

Mr. SPARKMAN. Yes.

Mr. AIKEN. It could be construed that way.

Mr. SPARKMAN. Yes.

Mr. AIKEN. Would it be played up in any country which had a tendency to be

hostile or disapproving of our form of government?

Mr. SPARKMAN. Yes. The Senator's reasoning is correct.

Mr. AIKEN. I think that is the principal issue before us now.

Mr. SPARKMAN. I believe that is the point the Senator from Arkansas [Mr. Fulbright] was dealing with. It involves the power of the Executive.

Mr. AIKEN. It is a question of whether we will give President Johnson, in his first week in office, a vote of confidence or a vote of no confidence, at a time when the administration has not had a chance to even get its chair warm.

We should have enough confidence in President Lyndon B. Johnson to feel that if he saw trade with any country becoming detrimental to the United States, he would take steps to stop that trade, and to take any other steps that would be necessary. I for one am not going to belittle the President of the United States, and I am not going to belittle Lyndon B. Johnson by giving him a vote of no confidence and say to him that he will not stand up for his own country and do what is right. Therefore, I shall vote against the proposal of the Senator from South Dakota.

Mr. SPARKMAN. I thank the Senator from Vermont. He has well stated the case. I have served for 27 years with Lyndon Johnson. I served with him in the House, and I served with him in the Senate. Of course I have served in the Senate while he was the Presiding Officer of the Senate in his office of Vice President, and now I serve under him in his capacity as President of the United States.

Based upon the close connection I have had with him and all that I have known about him, I have absolute confidence in him. As great as was the tragedy of President Kennedy's taking, I have often thought how fortunate it was that we had a man so well prepared to take over the reins of Government.

I agree with the Senator from Vermont. I do not intend to give a vote of no confidence to President Johnson. Of course, I supported the proposed sale under President Kennedy too.

By the way, later in the debate, I trust the majority leader will speak on this matter and that he will state the position of both President Kennedy and President Johnson. Of course, we know what President Kennedy's position was. I believe we all know, even without being told, what the position of President Johnson is.

We should be holding him up and giving him encouragement as he performs the constitutional duty of setting the course of the foreign policy of this country. That duty belongs to the President of the United States. When a foreign policy question is involved, as there is here, it is the function of the President of the United States to perform that duty.

On October 10 of this year President Kennedy sent a letter to the Vice President of the United States, as President of the Senate, in which he discussed the proposed sale of wheat. I wish to read the terms he talked about. I understood it was to be gold on the barrelhead, cash

in dollars. I wish to read what the President of the United States said when he communicated with us the first time, on October 10, 1963. He said:

These sales would be concluded by private American grain dealers for American dollars or gold, either cash on delivery or under normal commercial credit terms.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I should like to finish this point; then I shall yield. That is what the President of the United States said. That is the first thing that came before us. Instead of offering what somebody else may have said or what a newspaper headline may have said, why do we not quote what the President of the United States said with respect to the terms under which the sales would be made? They are exactly the terms which have been brought before us. In his news conference, held, if I recall correctly, on the same day, he said the same thing. Not only that, but when Secretary Rusk testified before the Committee on Foreign Relations, he said the same thing.

Mr. AIKEN. He said the wheat would be sold either for cash or on normal terms, that there was no intention of offering extraordinary credit.

Mr. SPARKMAN. That is correct.

Mr. AIKEN. As I recall, someone asked what the term of credit would be, and I believe he said it would not be more than 3 years.

Mr. SPARKMAN. As we were told, the terms were to be 25 percent cash and 25 percent every 6 months, in three installments.

Mr. AIKEN. That is correct.

Mr. SPARKMAN. That is what we were told by the witnesses who appeared before our committee.

Mr. AIKEN. That is correct.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MILLER. Inasmuch as my senior colleague is the one who has made the argument about the understanding with respect to credit terms, and since he is not at present in the Chamber, perhaps I should say something about this subject. I, too, understood that the sales would be for gold or hard dollars or on a regular commercial credit basis. I simply wished to confirm what the senior Senator from Iowa quoted the President as having said.

Mr. SPARKMAN. I call the attention of Senators to the fact that the statement is found on page 25 of the hearings, in the very first paragraph. I thought Senators might wish to read it for themselves.

Mr. MILLER. I do not have any qualms about that; but I share the reaction and the shock of the Senator from Florida [Mr. Holland] when we learned that the Export-Import Bank would possibly underwrite some of the long-term credit or commercial credit.

Mr. SPARKMAN. Short-term credit.

Mr. MILLER. Let us call it normal commercial credit. I venture to say that while the Senator from Alabama and the Senator from Arkansas may have had a crystal-clear image of what was behind

the normal commercial credit transaction, hardly one in a thousand taxpayers would have so understood it. I think that was the point the senior Senator from Iowa was making, and that is the point I wish to make.

It is most unfortunate that anyone should suggest that because one might support the bill introduced by the Senator from South Dakota [Mr. MUNDT], he therefore does not trust the President. That is an old cliché, and every Member of the Senate knows on what shifting sands such a specious argument rests. I propose to support the bill of the Senator from South Dakota, and my support of the President will be just as good as the support of Senators who make such a specious argument, if not better. I hope we will not hear any more of that in the Chamber, this year or any other year.

Mr. SPARKMAN. Mr. President, I suggest that the Senator from Iowa hurry, because I have been using a great deal of my time. No time has been yielded by the other side, except perhaps 5 minutes.

Mr. MILLER. The Senator from South Dakota assured me that he would yield as much time as might be necessary for me from the time available on his side. Is the Senator from Utah in control of the time on the side of the proponents of the bill?

Mr. BENNETT. I assume that I am. Mr. MILLER. Will the Senator be willing to yield 5 minutes with that understanding?

Mr. SPARKMAN. Mr. President, first may I ask how much time remains on the side of the opponents of the bill?

The PRESIDING OFFICER. The opponents of the bill have about 130 minutes remaining.

Mr. SPARKMAN. To be perfectly frank, although I understand that 8 hours has been allocated for the consideration of the bill, I had hoped it would be possible to reduce that amount of time by one-half, and that we could probably finish with the bill in about 4 hours. If the time were to be reduced to 4 hours, I would have about 10 minutes remaining on my side.

Does the Senator from Utah wish to ask me questions?

Mr. BENNETT. I wish to place some figures in the RECORD.

Mr. SPARKMAN. I have finished my remarks.

Mr. BENNETT. I should like to ask the Senator some questions.

Mr. SPARKMAN. May I yield to the Senator from Utah for that purpose, and then yield the floor?

Mr. MILLER. Very well.

Mr. BENNETT. My question relates to the statement made by the Senator, a statement which has run through the debate all afternoon; that is, whether the sale was to be for money. Just before I rose, the Senator from Alabama quoted from the hearings a statement in a letter dated October 16, which the President wrote to the Vice President, saying that the sale would be for cash or on ordinary commercial terms.

I have in my hand the New York Times of October 10, which contains a verbatim report of the President's news conference on that day. One of the questions,

No. 19, related to the wheat deal. I shall not read all of it, but at the end the questioner asked:

Do grain dealers take the risk then?

The answer was:

The grain dealers will take the risks with the private banks.

Mr. SPARKMAN. Yes.

Mr. BENNETT. So the President left out of his statement any reference to Federal guarantees.

Mr. SPARKMAN. That is correct. I only talked about whether the terms would be cash on the barrelhead, in gold or dollars. That was the proposal. But the President did say, in the same news interview, that it would be gold or dollars, cash on delivery, under normal trade conditions.

Mr. BENNETT. That is not in the interview. That is in the letter.

Mr. SPARKMAN. Yes; and it is in the interview, too, because I read it only a few days ago, not necessarily in the New York Times, but probably in the Washington Post. The President made the same statement: For American dollars or gold, either cash on delivery or under normal commercial credit terms. I am sure that was his answer.

Mr. BENNETT. The Senator from Utah should say, perhaps, that this question, asked by a reporter, clarified the question of what were "ordinary commercial terms"; the President stated:

The grain dealers will take the risks with the private banks.

Mr. SPARKMAN. Yes; and that was explained by Mr. Linder, who said that if the credit could be obtained, then the Export-Import Bank would not step into the picture at all.

Mr. Linder said that when the Export-Import Bank was approached, he talked with the presidents or the chairmen of the boards of the 12 largest banks in the United States, and they said they could not handle the deal. In other words, the Export-Import Bank was not qualified to enter the transaction until after that. The Export-Import Bank, under section 2(b), is required to supplement and encourage and not compete with private capital. If the banks can do it unassisted, the Export-Import Bank cannot get into the matter at all.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. AIKEN. Is it not true that when American banks finance exports by other countries to Eastern European countries, including Russia, some Government agency, similar to our Export-Import Bank, in each of those countries insures the financing by our banks for the export of commodities by other countries to Russia and other Eastern European countries?

Mr. SPARKMAN. Yes; we were told that practically every country that engages in a sizable amount of export business has established an agency similar to our Export-Import Bank, and that some of them actually use our banks to finance the transactions.

Mr. AIKEN. Yes. Much of the wheat that is being exported to Russia and other Eastern European countries is

being financed by U.S. banks, if we were correctly informed; but the insurance is offered by the agencies of the other governments, not by the Export-Import Bank.

Mr. SPARKMAN. Yes.

Mr. CARLSON. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. CARLSON. The Senator from Vermont has just raised an interesting question. It is answered by Mr. Linder on page 171 of the hearings.

Mr. SPARKMAN. Yes. The reason why I yield to the Senator from Vermont was that I thought he probably would read it.

Mr. CARLSON. Mr. Linder said:

The experience of the British, French, and the German governmental export credit insurers, who have insured credit sales to bloc countries for quite a few years, has been excellent.

I think this is interesting:

Payments have been prompt, there have been no delinquencies, and, of course, there have been no defaults.

Mr. SPARKMAN. Yes; the Senator from Kansas is correct.

Mr. MILLER. Mr. President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I yield.

Mr. MILLER. Earlier this afternoon—this is a point which I think should be brought out—it was said that privately owned grain amounted to some 300 million bushels. I refer Senators to the RECORD of November 15, page 21943. There the Senator from Alabama will find that I quoted from a U.S. Department of Agriculture Research Service statement. I said:

In its "Wheat Situation," also referred to as the "1964 Outlook Issue," released on September 5—well before any determination of a United States-Soviet wheat deal—USDA's Economic Research Service noted the "free" or privately held supply of old-crop wheat on July 1, 1963, was about 4 million bushels.

It was not 300 million bushels.

If that is so, would not that make considerable difference in the advantage of the wheat sale, insofar as storage costs are concerned?

Mr. SPARKMAN. If I correctly understood the Senator's statement, it would make a great difference in relieving our Government of storage costs, because more of the Government's own wheat would be taken to fill the order, and therefore that much storage would be eliminated.

Earlier in the afternoon we discussed this question with the Senator from North Dakota, and I think there must be some error in the figure the Senator from Iowa has given. I think it depends on the definition of the term "free wheat." The point is that the farmers who harvested their wheat—and, of course, the Senator from Kansas [Mr. CARLSON] knows much more about this than I do—in May or in July—

Mr. CARLSON. In June.

Mr. SPARKMAN. The wheat produced by those who took advantage of the Government's support price went into Government storage—not under sale contracts, but under Government

storage contracts, by which they retain title for 1 year.

Mr. AIKEN. With only 400 million bushels available, we shall be short.

Mr. SPARKMAN. Yes.

Mr. MILLER. But if, instead of 400 million or 200 million bushels of free wheat in storage, there were only 4 million bushels—

Mr. SPARKMAN. But I am sure the 4-million-bushel figure cannot be correct. As I have said, I think much depends on the definition of "free wheat." I think the Senator from North Dakota gave a better figure when he said there are about 300 million bushels.

Can the Senator from Kansas help us in this connection?

Mr. CARLSON. I assure Senators that the wheat in storage is much more than 4 million bushels, even though the figures used vary.

Mr. MILLER. I was quoting from the figures set forth in the September 5 issue of the 1964 Outlook, published by the U.S. Department of Agriculture, Economic Research Service, which notes that:

The free or privately held supply of old crop wheat on July 1, 1963, was about 4 million bushels.

That is not my figure; it has been supplied by a Government agency.

Mr. SPARKMAN. But that figure would not include this year's crop. I am sure there is some mistake.

Mr. CARLSON. Mr. President, I do not want anyone to gain the impression that we do not have substantial quantities of wheat for our domestic consumption or great quantities of wheat for export. If we sell 300 million bushels of wheat to Russia and to the satellite countries, we shall still have 750 million bushels on hand on July 1 of next year. So there will be plenty of wheat.

Mr. President, will the Senator from Alabama yield briefly to me?

Mr. SPARKMAN. I yield.

Mr. CARLSON. I have received an interesting telegram from Clifford Hope, who, I think, is somewhat familiar with the wheat situation.

Mr. SPARKMAN. Yes. If anyone in the United States is familiar with it, Cliff Hope is. As the Senator from Kansas knows, I had the pleasure of serving in the House of Representatives with him and with Clifford Hope. Mr. Hope is one of the finest Members ever to serve in the House of Representatives. He was a very fine chairman of the Committee on Agriculture, and he knows agriculture.

Mr. CARLSON. He is nationally recognized as one who not only knows agriculture, but also is sympathetic with its problems. As the Senator from Alabama has said, Clifford Hope was chairman and ranking member of that committee for 30 years in the House of Representatives.

Only 10 minutes ago I received the following telegram:

GARDEN CITY, KANS.,  
November 26, 1963.

HON. FRANK CARLSON,  
U.S. Senate,  
Washington, D.C.:

Sales to Russia and other countries in Eastern Europe as proposed will practically

double our dollar sales of wheat. This is important and desirable from standpoints of expanding foreign trade, improving balance-of-payments position, and cutting Government expenditures. It will enable us to reduce wheat carryover to manageable proportions and give U.S. wheat producers their share of the world's cash wheat market. Hope you will oppose Mundt bill and any other measures which will prevent use of Export-Import Bank insurance on dollar sales.

CLIFFORD HOPE, Sr.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter received by me from the Kansas Association of Wheat Growers.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

KANSAS ASSOCIATION OF WHEAT  
GROWERS,

Dodge City, Kans., November 21, 1963.

Senator FRANK CARLSON,  
Senate Office Building,  
Washington, D.C.

DEAR SENATOR: On behalf of our executive board of directors I wish to notify you that the members of the Kansas Association of Wheat Growers at convention in Dodge City on November 7, 1963, reaffirmed their stand on wheat sales to Russia.

To reiterate, our policy stands thus: "We recommend a reappraisal of our Government's position with regard to sale of wheat to Russia. We believe that U.S. wheat should be sold to any purchasers willing to pay in cash, taking into consideration maintaining the security of the United States and the promotion of world peace and understanding."

We wish to further commend you for your stand on this vital matter.

Sincerely,

JIM GUNN,  
Executive Secretary.

Mr. MUNDT. Mr. President, how much time has been used thus far?

The PRESIDING OFFICER (Mr. McIntyre in the chair). One hundred thirty-two minutes remain under the control of the Senator from Alabama; 203 minutes remain under the control of the Senator from South Dakota.

Mr. SPARKMAN. Mr. President, I am about through.

Mr. MUNDT. Then I suggest that the other side now use some time.

Mr. SPARKMAN. Very well.

Mr. MUNDT. Mr. President, I yield 15 minutes to the Senator from Texas [Mr. Tower].

The PRESIDING OFFICER. The Senator from Texas is recognized for 15 minutes.

Mr. TOWER. Mr. President, I believe the Senator from Iowa [Mr. Miller] wishes to ask a question.

Mr. SPARKMAN. Yes; and at this time I yield briefly to him.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. MILLER. I thank the Senator from Alabama and the Senator from Texas.

The Senator from Alabama will recall that I wished to ask him another question.

Mr. SPARKMAN. I am sorry I overlooked it.

Mr. MILLER. I have been listening to this debate, and I am not yet sure on what premise the Senator from Alabama has based his case. He has

pointed out, with considerable emphasis, that the chairman of the Banking and Currency Committee said credit worthiness is not at issue in this case. I take it that so far as the Senator from Alabama is concerned, that is not an argument either for or against this proposal.

Is this a case in which the Senator is stating that the policy should be a firm extension of credit guarantees by the Export-Import Bank, merely because it is necessary to do so in order to have credit available to those of our allies who are selling to the Soviets? Is that the main thrust of his argument; or is it that this is only the general proposition—as the Senator from Arkansas has said—of never tying the hands of the President in regard to such a matter?

If the Senator will clarify this point, I think that will help us. I have heard many non sequitur arguments and clichés which are not helping this case at all.

Mr. SPARKMAN. Certainly I have not attempted to argue that the Export-Import Bank should be given this right in order to have comparable credit terms available. The Bank already has that right. This bill seeks to take it away from the Bank; but I say that should not be done.

Furthermore, our foreign policy—and the question of whether we shall have dealings with other countries does involve our foreign policy—is for the President of the United States to decide.

President Kennedy decided in the affirmative and on October 10 he wrote a letter to the then Vice President of the United States, who is now the President of the United States, and that same day held a news conference in which he said he was advocating the sale of the wheat. I do not believe either in taking the powers away from the Export-Import Bank or trying to take powers away from the President of the United States. I say that, and I say it deliberately.

Mr. MILLER. Mr. President, may I ask a further question? I am not sure I correctly understand the position of the Senator from Alabama. The Senator has said that he is not in favor of taking powers away from the Export-Import Bank.

Mr. SPARKMAN. That is correct.

Mr. MILLER. Is the reason he is not in favor of doing that his concern that we would not be able to have our private commercial firms extend comparable credit to that of firms of our allies who are selling to the Soviet Union?

Mr. SPARKMAN. That is the reason I am not in favor of crippling the Export-Import Bank. I could probably give the Senator several reasons. The principal reason is that Congress established the Export-Import Bank before most of us came to Congress—in 1934. It has been doing business for 29 years.

It has grossed a profit of approximately \$2 billion. It has paid \$1 billion or more into the Treasury of the United States. I have just been informed by the Senator from Vermont [Mr. Aiken] that the amount is \$1.2 billion. I do not believe Dr. Linder gave that figure. He testified on it. It is in the neighborhood of \$1 billion. In addition, they have a reserve of \$840 million.

I have heard statements about the use of the taxpayers' money. The proposal would not require the use of taxpayers' money. There is an insurance premium, if one wishes to call it "insurance." It is a guarantee. A premium of five-eighths of 1 percent is charged on all of the credit extended in order to build up the reserve which they have maintained against any loss.

If every dime of the loan were lost, the most that could possibly be lost would not be one-third of the \$840 million reserve.

Mr. MILLER. Mr. President, will the Senator yield at that point for a question?

Mr. SPARKMAN. First, I should like to include in the RECORD the figures found on page 162 of the hearings. The paragraph is very short:

Interest and guarantee fees earned amounted to some \$1.717 billion. Out of this income the Bank has paid the U.S. Treasury \$466 million in interest on borrowed funds (including earned but unpaid interest as of September 30); it has paid the U.S. Treasury \$356 million in dividends on the Bank's capital stock and it has built up a reserve against contingencies of \$840.4 million.

During the 29 years it has been in existence, the Export-Import Bank has authorized \$13,800 million in loans, and has disbursed against them approximately \$9.2 billion.

Repayments have amounted to \$5,600 million which is about 60 percent of what the Bank has disbursed. I said a while ago that the reason I did not believe in crippling the Export-Import Bank is that it was set up in 1934, and that during its 29 years it has had a remarkable record of efficiency and effectiveness, with practically no loss. It has made money for the United States. Through the years, the members of its Board of Directors have shown good business judgment. They have made money. They have saved it. They have not departed from normal procedures in respect to the proposed transactions.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I am glad to yield.

Mr. FULBRIGHT. I am sure the Senator will recall that the original act creating the Export-Import Bank contemplated as one of the reasons for its existence financing trade with Russia.

Mr. SPARKMAN. That is correct. It was set up for the primary purpose of extending credit to Russia.

Mr. TOWER. What year was that?

Mr. SPARKMAN. 1934.

Mr. TOWER. Why is it, then, that the Bank has never loaned them any money?

Mr. SPARKMAN. Because it did not find the situation right. The Bank did not think the credit was good.

Mr. TOWER. Is it not because it found they were a bad credit risk?

Mr. SPARKMAN. Today, after England and France and West Germany and our friends in Western Europe have had years of doing billions of dollars' worth of trade or business with them, without loss, without delay, they have decided that, just as the Senator from Virginia, the chairman of the commit-

tee, decided and stated on the floor today, their credit worthiness is not an issue.

Mr. MILLER. When the Senator from Alabama gets down to the heart of his argument, is he ready to say that the reason he did not wish to take away the power of the Export-Import Bank was that to do so would not enable commercial traders to do business on the same credit terms as commercial traders in the countries of our allies?

Mr. SPARKMAN. I said there were several reasons. If the Senator wishes to state it in those words, that is all right as one of the reasons. But I prefer to put it on the basis that the Bank has shown during the 29 years of its operation that it is composed of good business people. They have extended good credit; they have guaranteed loans upon which they have collected premiums virtually with no loss, if there was any loss at all during the years. They have earned around \$2 billion gross profit during that time. They have done a remarkable business job, and I am willing to trust them in the job they propose to do.

Mr. MILLER. I should like to ask the Senator from Alabama this question: When he says that if all the credit under the wheat sales proposed should become in default it would not cost the taxpayers any money, it appears to me that there would be less in dividends to be paid.

Mr. SPARKMAN. Certainly. I do not care to argue the point. I do not argue that there is no risk to be taken. What I do say is that they have determined that a guarantee premium of five-eighths of 1 percent is sufficient to cover that risk. I am willing to take their judgment because they have shown through their efficient, effective, successful, and profitable operations during the past 29 years that their judgment has been good. I am willing to risk it again. If I were a stockholder in a bank that had a board of directors that had a record like that, I would gladly take any decision that they made. I believe we should be glad to do it in the case of the Export-Import Bank.

Mr. MILLER. I thank the Senator from Alabama for responding.

Mr. President, I hope the discussion has been helpful in narrowing the arguments, because there have been too many arguments that I do not believe have been responsive to the problem facing us.

Mr. President, I now yield to the Senator from Texas [Mr. TOWER].

Mr. SPARKMAN. Will the Senator from Iowa allow a little time to revert to me so that I may yield to the Senator from Missouri for one question?

Mr. MILLER. May I first yield to the Senator from Texas? The Senator from Texas can then yield to the Senator from Missouri.

Mr. SPARKMAN. That is satisfactory.

Mr. TOWER. I yield to the Senator from Missouri in the fervent hope that he will be succinct.

Mr. SYMINGTON. Mr. President, I thank the Senator from Texas.

I shall vote against the bill because I wish to get the administration started

off on the best possible basis, and they are opposed.

However, there is one problem that worries me a great deal, and I believe it is to the credit of the Senator from South Dakota that he brought it up.

The theory of capitalism is risk capital. There is no risk of any kind in this deal when the Government guarantees against loss. The idea we are making a private enterprise deal out of it by letting private people profit from it just does not add up to me.

It is true that the Export-Import Bank has a large surplus, and any loss would come out of that surplus.

I have done business abroad. Everybody who does business abroad wants a guarantee, so as not to lose money but usually normally there is no guarantee. It is normal not to have a guarantee.

We wish to sell the grain. I believe that more than 50 percent of our total agricultural surplus is in wheat, though I have not examined the figures lately. We wish to get rid of much of it.

I hope we can get rid of our surplus by offering inducements to obtain gold in return, instead of being forced to make arrangements which will result in a profit to people who are taking no risks for the profit they will get out of it.

Mr. SPARKMAN. I agree with much of what the Senator from Missouri has said.

The Senator mentioned they were not to take any risks. They are not to take a risk because they will pay an insurance premium.

Perhaps I do not take any risk when I drive my automobile, but I would not drive it around the block without having it insured. I pay an insurance premium to get an insurance company to take the risk off my hands.

There will be the payment of five-eighths of a percent on every dollar involved, in order to obtain the insurance.

We are now operating under an insurance program.

Mr. SYMINGTON. Five-eighths of a dollar, or five-eighths of 1 percent?

Mr. SPARKMAN. Five-eighths of 1 percent.

Mr. SYMINGTON. That is not a very tall risk.

Mr. SPARKMAN. It is a pretty good premium.

What is paid for insuring bank deposits? I believe that is now one-twelfth of 1 percent.

What is paid for insuring FHA loans? There are billions of dollars tied up in FHA insured loans. I believe that premium is one-fourth of 1 percent, and many people argue that it should be reduced to one-eighth of 1 percent.

Five-eighths of 1 percent is a little higher premium than ordinarily is charged, and is considered to be a proper insurance premium on this loan.

Mr. SYMINGTON. Does the Senator know what the profits of the private contractors in question will be?

Mr. SPARKMAN. No. I do not believe anybody knows, because the negotiations have not been fully worked out. We must also remember that the private grain dealers have certain knotty problems of transportation yet to solve.

Mr. SYMINGTON. I have been investigating an agricultural transaction that has me somewhat disturbed. The foreign country in question selects the private contractor in America, but there is no way of finding out what is the profit of the contractor in question.

Will there be any limitation on the profit to be made by the contractors? Will there be any renegotiation, or re-determination?

Mr. SPARKMAN. I do not know. I am not sure that anybody would have any control over that. This is to be a private enterprise transaction.

Mr. SYMINGTON. I do not see how the Senator can say it will be a private enterprise transaction, when any loss to the private enterprise entrepreneur is guaranteed by the Government.

Mr. SPARKMAN. Is not the mortgage guarantee business in this country private enterprise? They run to the FHA.

Mr. SYMINGTON. Is the Senator comparing the mortgage guarantee business and the FHA operations in this country to giving credit to the Communists?

Mr. SPARKMAN. No. I am comparing it to the operations of the private grain dealers who are negotiating this transaction. The Government did not negotiate it.

Mr. SYMINGTON. A businessman is subject to renegotiation for business he does in America. Why should he not be subject to renegotiation when he does business with Russia? Especially when it is Government business on which he profits, but without risk.

Mr. SPARKMAN. He may be. I do not know.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I would like to yield the floor and leave the Chamber for a while, because I have been on my feet for quite a long time.

Mr. SYMINGTON. I thank the Senator for his gracious courtesy in answering my questions.

Mr. SPARKMAN. The Senator from South Dakota really has a right to the floor.

Mr. MUNDT. Mr. President, the proponents of the bill really have had practically nothing to say on the bill, except that the chairman has presented the legislation. I believe we are entitled to make some of our case at this time, and then divide the use of the time. Otherwise, we shall be out of context from the standpoint of available time to discuss issues as they are brought up.

Mr. President, I now yield 15 new minutes to the Senator from Texas [Mr. TOWER]. I understand the Senator from Iowa [Mr. MILLER] took 14½ minutes of the first 15 minutes yielded, so I now yield the Senator 15 additional minutes.

The PRESIDING OFFICER. The Senator from Texas is recognized for 15 minutes.

Mr. TOWER. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Texas?

Mr. CLARK. Mr. President, I have no objection. I believe the Senator would like to have the time necessary for the call of the roll not charged to his time.

Mr. TOWER. Yes, Mr. President. I also ask unanimous consent that the time consumed during the call of the roll not be charged to either side.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I have been consistently opposed to the idea—

Mr. CLARK. Mr. President, may we have order so we can hear the Senator from Texas?

The PRESIDING OFFICER. The Senate will be in order.

Mr. TOWER. I thank the Senator from Pennsylvania, and I am flattered to know that he wants to hear.

Mr. President, I have consistently opposed the idea of selling foodstuffs to the Soviet Union. I regard foodstuffs as strategic goods. Napoleon said that an army marches on its stomach, and that certainly includes the Red armies. I think the most notable failure in the Communist bloc has been the failure in the field of agricultural production. The Soviet Union has many more acres under cultivation than we have. I think it has 50 percent again as much as we have under cultivation in this country. Yet the per man productivity is much lower than ours. It has had singular failures in its agricultural production.

I think selling wheat to the Soviet Union would be helping Khrushchev out of a difficult domestic problem, one which would tend to promote domestic discontent.

Furthermore, we have no assurance that this wheat will not find its way to Castro's Cuba or Mao Tse-tung's China. We do not know what Russia intends to do with it.

Perhaps she intends to stockpile it and release her domestic production for use in world trade. I think any agricultural expert will tell us that our wheat stores better than Russian wheat does.

So I think the whole idea of selling wheat to the Soviet Union is unwise.

I think it is a specious argument that simply because our friends are selling wheat and other foodstuffs to the Soviet Union, we should get in on it and make a little money, ourselves.

That is like saying to the owner of a hardware store whose competitor is selling switchblade knives to juvenile delinquents, "Since they are going to buy

switchblade knives, you may as well sell them, yourself, and get in on the profits and compete with the man across the street."

I do not think that is a wise argument. I think it runs contrary to American policy. Our policy has been not to do business in strategic goods with Communist-bloc countries. We have used pressure, moral persuasion, and a little of everything else, to convince our allies they should not do business with the Soviet Union. Now we are going to recapitulate and do that very thing ourselves. I think it shows a singular weakness in the morality of the Nation that we abandon a position aimed at furthering the cause of the free world, in order to get a little gold exchange and get rid of a little surplus wheat.

Actually, that is not really the argument here today. The argument is whether or not we are going to extend credit for this purchase of wheat. If the Mundt bill is enacted, it will not preclude or prevent the United States from selling wheat to the Soviet Union. This could still be done.

I personally believe selling wheat to the Soviet Union is contrary at least to the spirit of the Latta amendment, if not the letter of it.

If the Mundt bill passes, it will not alter in any way the ability of the administration to proceed with the wheat negotiations. It will not prevent the administration from selling wheat at all.

The issue has been harped on by the Senator from Alabama to the effect that credit worthiness is not an issue. He kept quoting the Senator from Virginia [Mr. ROBERTSON] to the effect that it is not an issue. The Senator from Virginia [Mr. ROBERTSON] and I may not agree as to the result, but we do agree on what is the important issue. I think credit worthiness is an issue. I think it is obvious that the Soviet Union is a poor credit risk.

It has been said over and over that with 29 years of experience the Export-Import Bank has shown it is a money-making operation—which it is, and which nobody denies—that it is always sound in its loans and in its practices—which is also true. It has been a moneymaker. As a matter of fact, it is the only money-making agency I know of besides the FBI. It makes money. I think the Export-Import Bank is a fine agency. I sat shoulder to shoulder with my colleagues in the conference committee holding out for an extension of the Export-Import Bank. I think it is a fine agency and should be preserved.

That is one of the very reasons why I favor the Mundt proposal.

In this instance I think we are extending credit to a bad risk. The fact that the past performance of the Bank has been good does not mean the Russians are good credit risks. I cannot see the relevance of that argument at all.

Let us have a look at the Soviet record. We are well aware that the Soviets have not lived up to their word, to their treaty commitments, and agreements on many subjects; but they are also very poor at paying off their bills. We have been lending Communist Russia money

since March 1941. We advanced them \$222,494,574. Of that amount, \$205,709,633 is in default and has not been paid.

What kind of credit risk is the Soviet Union? The interest rate on those loans was 2½ percent, by the way. I cannot get a loan at 2½ percent at my bank.

In addition to those loans, there was \$11 billion in lend-lease. We have allowed Russia to negotiate us down to \$800 million from that \$11 billion amount, and Russia will not even pay the \$800 million.

In addition, as a condition of recognition, going back to the Litvinov agreement, Russia agreed to recognize the outstanding obligations of the czarist governments. Immediately after this country recognized Soviet Russia she refused to pay the claims we made against the czarist government.

This is the treatment we have been receiving, and I cannot see how anybody can say that the Soviet Union is a good credit risk.

It has been stated by the Senator from Alabama that the taxpayers will not be losing anything if the Soviet Union defaults. This simply is not true. Who owns the stock in the Export-Import Bank? It is the taxpayers. Mr. Linder has said "they own our reserve just as they own our stock." Mr. Linder acknowledges the ownership of the American people, through whose funds the Export-Import Bank was established. So it will be a loss to the taxpayers. This has been a profitmaking operation. If it ceases to be a profitmaking operation, it is going to cost the American taxpayer.

It has been contended that the wheat deal will not go through if we fail to allow the Export-Import Bank to extend credit, if we pass the Mundt amendment. But if it is a good credit risk, why are not the commercial banks willing to assume the risk, and why would the passage of the Mundt bill in any way inhibit the wheat deal? If it is such a good risk and such a good deal, I think adequate financing can be found in the commercial banks.

I fear we are placing ourselves in the position of financing both sides of the cold war by agreeing to underwrite this wheat deal. I take issue with the Senator from Alabama in his contention that the blue ribbon advisory board—and it is a blue ribbon advisory board, because some very able men served on that board—considered this question. Mr. Linder, in his testimony, said he did not know about the Latta amendment, and did not know it existed until the morning he appeared before our committee to testify. He said that it had not been discussed by the advisory board, that they had no knowledge of it, and they did not take it into consideration. I submit that the Latta amendment is plainly congressional policy. Failure to pass the bill of the Senator from South Dakota would mean reversing congressional policy. It was the intent of Congress at the time the amendment was adopted that we should not subsidize foodstuffs to the Soviet Union. The advisory board did not take that into consideration. It should be pointed out that this is not an ordinary commercial trans-

action; this is a foreign policy matter, and a foreign policy decision. When it becomes Government policy that credit should be extended by the Export-Import Bank, the bank will yield to the pressures and approve something that might not be done under ordinary practices.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. TOWER. I yield.

Mr. CLARK. Did I rightly understand my friend from Texas to say that the advisory board or committee had not passed on the propriety of the proposed sale?

Mr. TOWER. They did. Secretary Dillon said they had not, but Mr. Linder, when he testified, corrected that point and said that they had. When it was presented to them, I believe it was a fait accompli, and the committee was asked to give approval retroactively. Apparently they had not taken into consideration some of the angles. They apparently did not take into consideration congressional policy previously established.

Mr. GORE. Mr. President, will the Senator yield?

Mr. TOWER. I yield.

Mr. GORE. I have not reached a conclusion on the pending proposal. I should like to ask a question of the Senator from Texas, the Senator from Pennsylvania, the Senator from Alabama, or some other Senator. If no risk is involved, why should the interest rate be 5 percent? It seems to me that a government guarantee makes the loan as good as a government bond.

Mr. TOWER. That is correct.

Mr. GORE. There may be some reason for it. I raise the question because I do not know the answer. Perhaps the Senator from Pennsylvania can tell me.

Mr. TOWER. I believe 5½ percent is the Canadian rate, and 5 percent is our rate.

Mr. CLARK. Yes. From our rate the banks must deduct a five-eighths of 1 percent premium for insurance. The net return is about 4½ percent. Of course, the American deal was negotiated with the Russians in the light of the deal with the Canadians, which the Canadians had already negotiated. To some extent that was a precedent. However, in Canada the interest rates are normally higher. The Russians were able to get from us a slightly lower interest rate.

Mr. MUNDT. I should like to supplement what the distinguished Senator from Pennsylvania has said by pointing out that while those were the asking terms, the results were not quite so satisfactory from the standpoint of America, because the Canadians got 80 percent in cash and 20 percent in credit. Here it is proposed that America get 25 percent in cash and 75 percent in credit.

Mr. CLARK. I do not believe that is exactly accurate. The actual agreement with Canada, as I understand it, permitted the Russians to have 75 or 80 percent in credit, extending for as long as 18 months, and only 20 or 25 percent in cash. After the deal was signed, sealed, and delivered, the Russians decided, in order to save on the interest rate, to pay more cash.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. CLARK. I yield 2 minutes on our side, to complete this discussion.

When our deal was signed, sealed, and delivered, we had no way of knowing whether the Russians would pay 25 percent in cash or 50 percent in cash, or owe any cash. In the case of Canada they paid a larger amount in cash than required under the contract.

Mr. MUNDT. I yield 5 additional minutes to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized for 5 additional minutes.

Mr. TOWER. The Senator from New Hampshire, I believe, wishes to ask me a question.

Mr. COTTON. One point bothers me; and I should like to have the Senator from Texas, who has contributed so ably to the discussion, touch upon it. I am not sure from what source these statements come, but I do know that I listened to panel discussions on television, in the early days of the discussion of the proposed wheat deal with Russia, and I also heard statements in the Senate, to the effect that one of the benefits to be derived from the wheat sale would be the effect on the imbalance of gold. It was asserted that it would bring gold back into this country, in our endeavor to relieve the imbalance-of-payments situation.

That was one point that the distinguished Senator from Texas did not comment on. I wonder if he would say something on that point.

Mr. TOWER. The Senator has raised a vital and important question. The proposed deal will reach proportions of around \$250 million. If we spread it over a long period of time, it will be only a dribble from the standpoint of improving our balance of payments.

At the present time our gold reserves are about \$16 billion, which is a drop from \$23 billion in 1952. The claims held against the reserves amount to about \$25 billion. Therefore, we have had an annual attrition rate of about \$700 million. If we are to extend credits, instead of demanding payment in cash, and spread out the deal, it will be a drop in the bucket so far as the attrition on our gold reserves is concerned.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. TOWER. I yield.

Mr. CLARK. I should like to say to my friend from New Hampshire that the arrangement is 25 percent cash on the barrelhead required, 25 percent cash on the barrelhead required in 6 months, 25 percent more cash required on the barrelhead in 12 months, and finally cash required on the barrelhead in 18 months. The Senator may consider this as trifling, but I believe it is a very great advantage from the standpoint of the balance-of-payments situation, extended as it is, I agree, over a period of 18 months, with half of it paid within 6 months.

Mr. COTTON. If we get it.

Mr. CLARK. Yes; if we get it.

Mr. MUNDT. The Senator from New Hampshire said he did not know exactly

where he got the idea that it was accepted around the country that these deals were to be for cash on the barrel-head. He is not the only one who had that impression. The same impression was held over in the House.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MUNDT. I yield myself 2 additional minutes.

Sylvia Porter is an economic analyst and a syndicated columnist, with a large circulation in many newspapers. She is paid for writing and for reporting actions of the government which have relation to the financial people who read the newspapers and who are her clients.

To illustrate: In her column entitled "Wheat Sales To Aid Balance of Payments," published in the Minneapolis Tribune of November 14, 1963, and in many other newspapers, she said:

The wheat being sold to Russia and the Soviet bloc is to be paid for in gold and hard cash.

Her entire column appears in the hearings. She points out how this transaction would have a helpful reaction upon our balance-of-payments problems. But she, without equivocation of any kind, without reservation of any kind, and writing for pay, to advise the people who read her columns about the nature of the wheat deal, said categorically:

The wheat being sold to Russia and the Soviet bloc is to be paid for in gold and hard cash.

So the understanding of the Senator from New Hampshire [Mr. Corron] and many of the rest of us is that that was the way in which the deal was proposed.

Mr. TOWER. Does not the Senator from South Dakota feel that if the Russians really need the wheat, we should get the most favorable terms possible from Russia and get cash on the barrel-head?

Mr. MUNDT. Precisely; and Russia has the cash.

If the Russians desperately need the wheat, we should get not only cash, but also some concession with respect to Vietnam, some concession with respect to the autobahn to Berlin; some concession with respect to Cuba, our next-door neighbor. If Russia really needs wheat, we are in a bargaining position which we would destroy once we sold her the wheat on credit.

Mr. TOWER. If Russia really needed the wheat, I would be willing to give it to her, but only after we had obtained some favorable concession in return, not through some financial uncertainty.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Texas yield?

Mr. TOWER. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. In line with what the Senator from New Hampshire said, it is proposed that we sell \$250 million worth of wheat for 25 percent cash down and the other 75 percent payable when and if Russia decides she wants to pay, and Russia is a nation which not only has not paid her debts in the past but absolutely refuses to acknowledge that she owes us anything.

Mr. TOWER. That is correct. I said a moment ago that there is a sorry record of experience with respect to Russian repayments of debt.

Mr. WILLIAMS of Delaware. Is it not proposed in the sales agreement that not only should we trust Russia for 75 percent of the wheat payments but that we should sell it to her at 60 cents a bushel lower than the price at which American consumers can buy it?

Mr. TOWER. We would be subsidizing the wheat sold to Russia.

Mr. WILLIAMS of Delaware. We would be subsidizing it at the rate of about 60 cents a bushel. Under the plan the wheat would be sold to Russia for 60 cents a bushel less than the price at which Americans can buy it.

Mr. TOWER. The Americans would be subsidizing both sides of the cold war.

Mr. WILLIAMS of Delaware. That is correct. There would be nothing to prohibit Russia, when she gets the wheat, from diverting the Russian ships to Cuba or Communist China, and we could not stop her.

Mr. TOWER. That is correct. Even if we wanted some commitment from Russia that she would not give or sell wheat to Red China or Cuba, Russia could release some of her domestically grown wheat to be shipped to those countries.

Mr. WILLIAMS of Delaware. That is true; but would there be any control over the wheat once we shipped it from the United States?

Mr. TOWER. Certainly not.

Mr. WILLIAMS of Delaware. There would be no way in which we could say that Russia could not or would not ship the wheat to Cuba or to Communist China.

Mr. MUNDT. What the Senator from Delaware has brought up by his interrogatories is, of course, correct. But the situation is even worse than that, because if we were able to control the situation and make the Russians eat and consume American wheat, there would be no way under high heaven in which we could prevent Russia from shipping her own wheat to Cuba or Red China.

So at best what we would get out of the credit deal would be that the Russians might have to eat American wheat. That would enable them to provide their own wheat, so that the Cubans and Red Chinese would eat Russian wheat which would become available, because the Russians would have filled up their shortages which they had available for export.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. MUNDT. I yield myself 5 additional minutes.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. MUNDT. I yield 5 minutes to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I repeat there is nothing that would prevent the identical wheat from going to Red China or Cuba. Once our Government had shipped it, it would have no control over it. That is evidenced by the situation that I called to the attention of the Senate as recently as July 16, 1963. I

pointed out then that under Public Law 480, which definitely is a subsidy program, we had sold 40 million bushels of grain to Austria at a subsidized price wherein we took in exchange strategic materials or currencies.

While these 40 million bushels of grain were en route to Austria more than 24 million bushels were lost; they never reached their destination. At that time the Department of Agriculture officials emphatically denied that any of it went behind the Iron Curtain. I asked how they could be so positive when at the same time they said they did not have the slightest idea where the grain went. Anyway, they quickly responded by saying they were positive that none of it went behind the Iron Curtain.

I have in my possession a letter dated last week which they wrote to the chairman of the Committee on Agriculture confirming that while they still had not located approximately 300,000 tons of grain they have definitely established that two shipments, or more than 10,000 tons, did go to East Germany. That grain was subsidized by the American taxpayers, and the Department admits that some of it has gone behind the Iron Curtain. Apparently the Department never knew the grain was missing until the question was exposed on the floor of the Senate. Later the Department admitted that it knew it was missing, but I assume that they were going to keep it from the public. After this shortage was exposed on July 16, 1963, they first denied, then later admitted that they knew that it had gone behind the Iron Curtain. Now, under this proposed wheat sale to Russia, some of the wheat will be loaded in Russian ships in our ports.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. CLARK. First, while there has been much talk both in the hearings and in the Chamber about our selling wheat to Russia at a subsidized price, that is a lovely word in terms of semantics and usage. Actually, the wheat would be sold at the world price, the same price at which the Canadians sell it.

It is true that we subsidize our own wheat farmers in order to keep them in business. But to my way of thinking, this is a question of semantics. The wheat that we would sell would be sold at the world price. I do not consider that to be a subsidy to the Russians. The wheat would be sold at the world price.

With respect to what the Senator from Delaware said, the Senator from Colorado [Mr. DOMINICK], in the course of cross-examining Under Secretary of Commerce Roosevelt, raised the same question, as to whether we could control the destiny of the wheat and whether we could require its shipment to Russia.

The question by Senator DOMINICK and the reply by Mr. Roosevelt appear on page 214 of the hearings, as follows:

Senator DOMINICK. You can keep track of it, but you couldn't stop it.

Mr. ROOSEVELT. That is correct. Mr. Hockersmith, who is in charge of our export control program, points out that our regulations require that any shipment, including those

in a foreign ship, must be unloaded at the port specified in the license, and it cannot be unloaded anywhere else.

Senator DOMINICK. Why not? Who is going to stop them?

Mr. ROOSEVELT. Well, I doubt that we will send out the Navy to stop it, but certainly that ship would go on our blacklist, if it went to Cuba.

I interpolate: If it went anywhere except where the shipping documents required it to go—and let us remember that half of the shipments would be made in American bottoms—I make the allegation in my argument that, first, there is no real subsidized price; and, second, that the chance of the wheat going anywhere except where the shipping documents say it shall go is extremely slim.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. MUNDT. I yield 3 minutes to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, in reply to the Senator from Pennsylvania, if this is not a subsidy, what does one call it? One can look in Webster's dictionary and find many definitions. Whether it be called a subsidy or a gift does not alter the fact that if the sale goes through the Russians will be buying the wheat for 60 cents less than the American consumers. The American taxpayers will be paying this 60 cents.

Mr. CLARK. That is correct.

Mr. WILLIAMS of Delaware. In my book that is a subsidy. Do I understand that Secretary Roosevelt stated that he will be able to positively identify where every shipment of this grain goes? If so why could they not identify where the other 24 million bushels of grain went that were supposed to have gone to Austria? They admitted that they do not have the slightest idea where that 24 million bushels went, except that the Department has now located 10,000 tons that went to East Germany.

Last July, only 72 hours after I first disclosed this missing grain, they emphatically denied that any of it had gone to Communist countries. Now the Department of Commerce and the Secretary of Agriculture admit that part of this 24 million bushels went to East Germany.

I repeat that there is no possible way by which they can identify this grain once it is sold to Russia, particularly in the case of transportation by Russian ships. Even when the grain was transported in American ships they did not know where it went.

So I am not persuaded by the argument of the Senator from Pennsylvania that suddenly they will now be able to determine where the wheat goes—unless they argue that they can trust Russian ship captains better than American ship captains.

Mr. TOWER. Furthermore, there is nothing to prevent the wheat from being transhipped to other bottoms, and then be taken somewhere else.

Mr. WILLIAMS of Delaware. Certainly. However, in the case of the other transaction now, 3 years later, they admit that they have discovered that some went to East Germany. Still they have no idea where the rest of it

went. It may have gone to Russia direct so far as any officials in the executive agencies downtown know or seem to care. This is a proposal to have the American taxpayers finance the Communist bloc in a subsidized purchase of American wheat.

Mr. MUNDT. I thank the Senator from Delaware.

Furthermore, not one witness before the committee or no spokesman in favor of this bill has said, thus far, in public, that there is no possibility that if the wheat were sold by the U.S. Government, it would be transhipped and taken to Red China.

So I repeat that all we can possibly do, if we accept every guarantee the Russians are willing to give, is to decide that the Soviets need this American wheat, not for food for the people of the Soviet Union, but so that the wheat produced in Russia can be sent to Red China and can be eaten by the Red Chinese, and so that some of the wheat can be sent to Cuba and can be eaten by the people of Castro's Cuba.

Mr. President, at this time I yield 5 minutes to the distinguished ranking Republican member of the committee, the Senator from Utah [Mr. BENNETT].

The PRESIDING OFFICER. The Senator from Utah is recognized for 5 minutes.

Mr. BENNETT. Mr. President, this afternoon we have heard a great deal of argument about the proposed sale of wheat to Russia.

At this point I should like to refer to the bill itself—S. 2310—to prohibit any guarantee by the Export-Import Bank or any other agency of the Government of payment of obligations of Communist countries. I now read the bill:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That neither the Export-Import Bank nor any other agency of the Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961) or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of any product by such country, agency, or national.*

Mr. President, we focus our attention on the proposed sale of wheat; and I can understand that Senators who come from States in which large quantities of wheat are produced are greatly concerned about the potential loss of sales of wheat of this volume. But we are concerned with a policy which is far more important than the proposed sale.

In 1953 the law was changed, to permit the Export-Import Bank to have authority, in addition to its authority to lend money, to engage in guarantees of insurance. When that law was written, the words "any friendly country" were included.

Mr. SIMPSON. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. SIMPSON. The words were, as I recall, "any friendly foreign country."

Mr. BENNETT. That is correct; and I thank the Senator from Wyoming for his assistance, and make that correction.

At that time Representative WIDNALL, of New Jersey, asked why those words were omitted. The answer was that probably it was an inadvertence, but that in any case it was of no significance, because we did not intend to sell our products to any foreign country that was not friendly.

When Mr. WIDNALL asked that question in connection with the proposed sale of wheat, the answer given was:

If we sell the wheat to Russia, probably it will be sold for cash or gold, anyway; so there will be no problem.

When the bill reached the Senate, we were under much pressure, and there was little or no time for debate in the committee.

Since 1961, and because of that very interesting change in the law, the Export-Import Bank has been able to guarantee the sale of our products to countries that were not friendly foreign countries. However, that has not been done; now we are facing the first test of the new law, and are making the fundamental decision.

This afternoon, much has been said to the effect that we are taking away from the President the power to determine the foreign policy, and so forth. But, in a sense, the President did not have this power until 1961 and he has never used it.

So now, thanks to the Senator from South Dakota [Mr. MUNDT], we are having an opportunity—for the first time—to consider whether we would have approved the granting of this power in 1961. The words "any friendly foreign country" have been eliminated; and, therefore, presumably any country in the world—including any Communist country, and including Red China—would be available to receive such guarantees from the Export-Import Bank.

The Export-Import Bank takes the position that it will guarantee sales only when the Department of Commerce will grant an export license. So to that extent there is protection against a decision to guarantee such sales to Red China.

The PRESIDING OFFICER. The time yielded to the Senator from Utah has expired.

Mr. BENNETT. May I have 5 minutes more?

Mr. MUNDT. I yield 5 additional minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized for 5 more minutes.

Mr. BENNETT. Mr. President, a few weeks ago the Senate spent a great deal of time debating the nuclear test ban treaty. At that time there was evidence that that was a great first step which could lead to many other changes in our relationships with Russia, including liberalization of our trade policy.

If the bill is not passed, we shall be setting a precedent for any future proposal to sell commodities to Russia with a guarantee from the Export-Import Bank. Those who favor the proposed sale of wheat to Russia—and I can understand their position—are saying, "The other countries are doing it, and so should we." The argument seems to be that because Russia purchases wheat

from other nations, we should hurry to sell Russia our wheat before some other country sells Russia her wheat.

In my opinion this proposal represents so basic a change in our relationships with Russia that we should give it much more attention than we have had time thus far to give it. Probably it should be passed on by the Foreign Relations Committee, from a different point of view.

So I shall vote for the Mundt bill, because I am not quite ready to vote to make this basic change in our relationship with Russia—a proposal which I believe is motivated very much by the desire to sell the wheat.

When the Senator from South Dakota [Mr. MUNDT] introduced the bill, it referred only to wheat. But Senators will recall that in the heat of the debate that afternoon, some Senators said, "If you have the bill cover everything, I will support it." Those Senators included one Senator who had voted against the bill. So the change was made, and thus we would set the pattern by which the resources of the Export-Import Bank would be available to finance any trade transaction for any product for which the Department of Commerce will issue an export license to any country in the world.

I believe that this is so serious the bill should be passed and we should take a longer look at the problem.

Mr. President, I yield back the remainder of my time.

Mr. MUNDT. Mr. President, I yield to the Senator from Florida [Mr. HOLLAND] such time as he may desire.

The PRESIDING OFFICER. The Senator from Florida is recognized for such time as he may desire.

Mr. HOLLAND. Mr. President, Senators, we have spent a large part of this afternoon debating a matter completely irrelevant to this situation—namely, the fine business record of the Export-Import Bank. Of course it has made a fine record. Every one of us is proud of it. But, this bill has nothing to do with that. The question is whether we are going to determine a policy which will launch the Bank into a new field, a field which heretofore it has avoided either as a matter of law from 1953 to 1961, or as a matter of policy from 1961 until the present time.

I should like the record to clearly show that what we are discussing is the question of policy. Should the executive or the legislative branch, or the executive branch with the approval of the legislative, have the power to throw the credit of the U.S. Government behind much of the purchase price for the sale of grain or other products which Russia wants from this country?

The record shows that approximately \$200 million worth of business was done last year with Russia and other countries behind the Iron Curtain without any such extension of credit from the Export-Import Bank. The record also clearly shows there has been none of the miserable business of underwriting with our public credit through the insuring policy the selling at a re-

duced price under a subsidy of important products to the Communist countries, which are certainly not our friends.

Mr. President, that is the real question—whether we, as a matter of policy, empower the Export-Import Bank by our vote on this bill today, to go ahead with a policy of extending credit to Communist countries on the same basis that we do to our most friendly allied countries, public credit supplied from a public institution, which belongs to every American citizen to make possible the sale of hundreds of millions of dollars worth of American grain to Communist countries.

I do not wish to see that policy changed. I do not wish to see a new policy initiated. I believe the Export-Import Bank, with its fine record, is entitled to better protection from the Congress and from the Executive than to be launched into that particular kind of trade.

It is for that reason that I strongly support the bill of the Senator from South Dakota.

There is no question that in the public mind, at least, there has been a change of direction in regard to the proposed loans.

I read from an editorial in the Washington Post of yesterday, Monday, November 25. Everyone knows the Washington Post is supporting the proposed wheat sales. The words I read, however, show its first real understanding of this proposal in several weeks:

Supporters of the Mundt proposal have jumped on the administration's previous assurance that only private traders and bankers would assume the risk in the wheat bill. This statement embarrasses the administration, and rightly so. In retrospect, the administration was lax in failing to anticipate the shipping and credit hurdles which have now risen.

The embarrassment the administration is suffering is small compared with that which is being sustained by me. We have thrown at us every day the fact that in our national policy we are not permitting the sale or shipment of anything to Cuba and that we are not permitting the ships of our friendly allies to take any kind of product there without losing the right to come to our own ports. What is the difference between the small Communist nation which is just offshore and the large Communist nations far away in Europe?

It is a very difficult question to answer.

To go further, relying upon what we had learned—we thought from official sources—the Senators from Florida answered many letters from people in our State stating that one of the major reasons assigned by the administration for the sale was that it was for cash and would help us in our balance of payments. In addition, both Senators from Florida have been on television distributing this information to the hundreds and thousands and perhaps millions of people who have seen us upon those television occasions, including television panels, where we were directly questioned by able correspondents about the particular question. In every case we

tried to give the reasons which had been assigned by the administration, which I related in the Chamber the other day, for the sales, one of which was the fact that were to be for cash and that they would benefit our balance-of-payments problem.

We are left in a hopelessly contradictory and inconsistent situation with reference to policies which are in effect for Cuba—and which have been in effect for a long time. The people of Florida are the worst affected by those policies but have gone along with them gladly, though it has meant the destruction of some of our fine industries which are 75 or 100 years old.

Now we are expected to stand by and witness a change of policy with reference to Russia and its satellites, while there is a continuance of the policy toward Cuba. It is extremely difficult to explain to any sane person why there should be such a difference and distinction.

There are some who say, "We should make these sales because of the immense amounts of grain piling up." I wonder if they have ever heard of a man named Joseph. I wonder if they recall that the granaries of the world are being emptied before ours. Canada has made sales to Red China and to other countries behind the Iron Curtain, and other countries are also doing so. Our wheat is becoming more valuable instead of less so, yet there are those who believe we ought to run away from the storage problem by selling as much as we can at reduced prices to people who are not our friends, and thereby establish a policy which has not prevailed at least since 1953 in this country.

Without laboring the question, I wish to quote from some excellent witnesses who testified in favor of the bill. The first is Dr. G. Warren Nutter, the chairman of the James Wilson Department of Economics, University of Virginia. The quotation I shall read is from page 70 of the hearings. I hope Senators will follow it.

Granting special concessions to the Communist countries would indeed be sadly ironic. We have given foreign aid to various countries in order to inhibit the spread of communism. This foreign aid has helped to bring about a deficit in our current international balance of payments. We would then propose to correct that deficit by giving aid to Communist countries.

I should like to read other portions of the testimony by Dr. Nutter, but I shall content myself with placing in the RECORD his statements appearing in the first two paragraphs at the top of page 71, in which he makes it clear that the real question is whether we are going to change this important policy, not merely with reference to grain, but also with reference to other things, and whether we are going into a program of partly financing from public funds and public credit large sales to Communist countries of any product not a strategic product. He is quite correct in what he says; that would be an important change in policy and ought not to be made without most careful consideration, which he says has not been given.

I quote the following from his testimony:

This brings me to the question before the committee this morning. The primary effect of governmental underwriting, through the Export-Import Bank, of credit risks incurred by private lenders to Communist countries is to reduce the cost of credit to those countries. There is no reason for us to reduce the cost of credit to Communist countries unless we wish, as a general and long run policy, to encourage expansion of our trade with them. If we are to embark on this course, we should do so only after careful consideration of its full consequences. As far as I can see, nobody in authority has argued that the present negotiations of wheat sales is the first step in a general program of trade expansion with Communist countries.

The question of underwriting aside, we should also recognize that any financing of wheat sales by extension of credit in dollars, no matter who extends the credit, has no effect in easing our deficit in the current international balance of payments for as long as the credit is extended. This is another reason for doing nothing to encourage credit financing of sales to Communist countries.

Without laboring the question, I quote briefly another fine witness, Mr. Gerald L. Steibel, head of the Research Institute of America, New York. The Senator from New York [Mr. JAVITS], though he is on the other side, in introducing him said to the chairman, "That is a very distinguished organization in New York."

I read from page 72 of the hearings:

When we grant credits—and the fact that the Export-Import Bank merely insures someone else's credit is not significant—we are announcing our faith in the debtor. In ordinary commercial transactions, this faith generally extends only to the prospect for repayment; in this transaction it inevitably goes much further: We are saying that we are expressing faith in their system, because we are doing more than selling them commodities; we are aiding them to ride out some very fundamental internal troubles.

I realize that this is not necessarily the purpose of the administration. Nevertheless, that is its effect. It will be so read by other nations, and it is so being read by them now.

A business deal with the Communists for cash is, in my opinion, bad enough. Nevertheless, it does maintain at least some reserve on the part of this country. It informs the Communists that we are dealing with them, to be sure, but that we are doing so gingerly, that we do not trust them. A cash deal also is a warning that we are not committing ourselves to a "next time." It gives them at least some incentive to behave better in all the ways in which we would like them to behave better. And it gives us the option of stopping the flow of goods quickly when that becomes necessary.

But when we underwrite credit we are going far beyond that. For one thing, we are opening ourselves to the possibility that we may be asked to take Communist goods as repayment for the credits. It would be entirely within the Communist character to say to us after the 18 months are up, "Sorry, we don't have the cash, but we'll be glad to give you oil, or chrome or something else that will cut the heart out of your own allies' markets." And, what would that do to the balance-of-payments argument for the wheat deal? We would deserve that fate if it turned out to be ours.

Furthermore, what guarantee do we have that they won't repudiate this debt, just as they have repudiated so many others?

It seems to me quite clear that the question is whether we are willing to

change a longstanding policy, willing to open the door, willing to say to our allies all over the world that we will extend the same sort of credit to those we know to be our enemies that we are extending to our friends and allies. It is a question whether we are willing to do this merely because Canada, our nextdoor neighbor and friend, has done it. That is really what is behind it all. We should remember that Canada sold to Red China, and we are not even thinking of doing that.

We do not seem to be trying to establish a common policy applicable to all Communist nations, because it is proposed that we continue our policy toward Cuba, a policy which I believe should be continued with respect to all such countries.

Mr. President, it seems to me that for us to involve our national credit in the way in which it is asked to be involved—and that is exactly what we would do by insuring, through a publicly owned agency, every dime of which belongs to the citizens of the United States, three-fourths of the transaction at a lower rate of interest than that which has been extended by Canada—is the wrong thing to do. I am glad the Senator from South Dakota has brought up this point.

We have had abundant evidence in the past few days of what may happen when there is involved one who has been indoctrinated in the Communist doctrine, and what he may be expected to do. We should have ample evidence and knowledge of the fact that communism is not living at peace with us; to the contrary. For us to extend a most-favored-nation treatment—and that is what it would be—through the underwriting by Federal credit of three-fourths of the deal, is not only different from what we all understood the proposal to be, ahead of time, but also would establish a precedent and policy which would come home to haunt us. I believe it will haunt every Senator who votes against the Mundt bill. Mr. President, I feel very keenly about this.

Referring again to the Cuban problem, I wish to ask a question. I have not heard anybody answer it, though I addressed the question to the distinguished Senator from Alabama when he was speaking.

How can we justify the contrast and difference with respect to policy that we are continuing with reference to Cuba—not permitting in our ports vessels of our allies which have carried foodstuffs to Cuba—with the entering into of a policy of sales such as is requested with the Communist nations behind the Iron Curtain?

This is not an expression of lack of confidence either in the late President or the present President. We have an opportunity to measure up to our responsibility; and establishing the policy in these matters is our responsibility.

I am glad we have an opportunity to go on record as being in favor of not giving the most-favored-nation treatment to nations behind the Iron Curtain merely to enable us to keep pace with other nations.

When the sugar problem arose, and when the sugar market was about to fall to pieces, after Cuba ceased to make

available her sugar, some people got rid of sugar in a hurry. I know some people who dealt in sugar futures at that time. The sugar was soon used up, and we were calling for more sugar to be produced by our own people. People who had kept it in warehouses were able to sell it at higher prices than they could before.

I remind the Senator there is only so much wheat in the world, and that wheat from other parts of the world is already moving toward countries that have made a failure of production, in contrast with our country.

Are we going to give up the ace in the hole which we have by allowing our granaries to be drained at this time, without knowing where the grain is going—and we cannot control that—because we want to keep up with our sister nation of Canada?

We like the Canadians. We are very fond of them. But I do not think their policy is necessarily sound. So far as they are concerned, they do not have far to go, because they have been selling in great abundance to Red China. So far as we are concerned, it is proposed to change our policy overnight, by which we have been able to build up our great supply and have shown to the world our great productive capacity. It is our ace in the hole, as I said. Shall we dissipate it now because it is proposed to pass a measure by which we can sell the wheat for the support price plus the holding cost for it, when we know that the other granaries are becoming empty, and our holdings every day will become more useful and valuable?

It is proposed that our country enter into this disposal program, to nations behind the Iron Curtain, as if to friendly nations that are clamoring for it, but to which we owe nothing except suspicion; and to give them this most-favored-nation treatment, and underwrite three-fourths of the cost with our own public credit.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HOLLAND. I gladly yield to the Senator from Tennessee.

Mr. GORE. Did I correctly understand the Senator to say friendly nations were clamoring for the wheat?

Mr. HOLLAND. Friendly nations are not clamoring for the wheat. I said we are trying to enter into relations to sell to Iron Curtain Communist countries as if they were friendly nations clamoring for it. Friendly nations are not clamoring for it.

With the limited amount of wheat in the whole world and with the granaries becoming empty in many parts of the world, our wheat store becomes more and more valuable to us and our friends in our bargaining position in the world. To say we ought to dispose of it to Iron Curtain countries at subsidy prices does not make sense to the Senator from Florida.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. HOLLAND. I yield.

Mr. GORE. The Senator referred earlier to conceivable sales to Red China and Cuba. I think, more directly, he referred to the fact that our neighbor, Canada, was making such sales, and

proceeded to say that such was not contemplated by the United States.

Mr. HOLLAND. No; it is not contemplated. Yet how can the world understand the difference in our policy when it knows very well that most of the trouble in Cuba is caused by Russia? In October a year ago we found Russia was behind Cuba, and since that time Russia has remained behind Cuba. How can we justify our more generous treatment of Russia and the other Communist countries than of Cuba, and how can we make it appear that we have a policy? Is there any international policy when we deal in such contrasting ways with a Communist nation which is near us and Communist nations which are farther away?

Mr. GORE. Mr. President, will the Senator yield further?

Mr. HOLLAND. I yield.

Mr. GORE. Under the present law, if the executive branch of the Government so determines, and the Export-Import Bank should be willing to comply with such a move, would it not be just as legal, just as possible, to insure credit for sales to Cuba, or Red China, or to whomsoever?

Mr. HOLLAND. I do not know enough about the other laws that are involved, but so far as the Export-Import Bank is concerned, the answer, in my opinion, is "Yes." There may be other laws that apply in this field. That is why it is difficult to understand the completely contrasting policies here. Have we any foreign policy on this question?

Mr. GORE. What possible law would draw a distinction between Russia and China so far as a guarantee is concerned?

Mr. HOLLAND. As I understand, we are still at war with China. There possibly is a difference in that connection. So far as Cuba is concerned, there is no such condition; Cuba is nothing but the stooge of Russia, assisted by Russia, supported by shipments from Russia, supported by arms from Russia. As we all know, Russian mechanics were installing missiles which could reach to any part of the United States—missiles which could be used with nuclear warheads. Russia is the one that really threatens us. Yet it is proposed to render Russia most-favored-nation treatment, and, under the law, guarantee three-fourths of the sales to her. I cannot understand it.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. HOLLAND. I yield.

Mr. GORE. The Senator speaks eloquently and persuasively. Nevertheless, something that troubles me even more is that we are dealing piecemeal with what is or should be essentially a very fundamental question of foreign policy.

Mr. HOLLAND. We are, indeed.

Mr. GORE. It may well be that Congress erred in 1961 in the amendment of the act. I confess that I did not know that change was being made at the time it was being made.

Mr. HOLLAND. Neither did the Senator from Florida. I invite attention to the fact that, notwithstanding that change, the Export-Import Bank has

continued not to underwrite or insure any loan for the \$200 million worth of business we have been doing with central Europe.

Mr. GORE. It seems unfortunate to me that, because of the tragic events of the past few days, this question, which is essentially one of fundamental foreign policy, as the Senator has agreed that it is, is nevertheless brought to the floor of the Senate in this piecemeal way, and under circumstances which are described as constituting a vote of confidence or a vote of lack of confidence in the new President.

Mr. HOLLAND. I suggest to the Senator that this question first arose, not in the present administration, but in the previous administration. I suggest also that the question arose by reason of an amendment to the foreign aid authorization bill. The Senator from South Dakota [Mr. MUNDT], who had raised the question, was gracious enough, at the request of both leaders, to withdraw his amendment after he had had a victory on a certain vote with reference to it—the vote to lay the amendment on the table—so that the matter could be handled through a legislative committee.

That disposition was made, of course, before there occurred the tragedy that has recently struck our country.

Therefore, it is a matter of handling that which was already before the Senate and already subject to a mandate from the Senate to have the committee return it by a fixed time. It is now before us for a decision of the question by the Senate. There is no way in which we can evade it. There is regret on the part of all of us that it comes at this particular time, but it was not a prearranged situation; it was the pending business. We can no more satisfy ourselves or our people back home by taking no action on this matter than we could by adjourning without passing appropriation bills or by adjourning without doing any of the many things which this Congress must do in spite of the pall of sorrow that hangs over all of us. It is one of the things that happens to be in our lap as a matter of duty.

I did not regard it as a slap at the previous administration, but, rather, as an effort of Congress to reassert a responsibility which it had laid down in 1961, and which I was distressed to find it had laid down.

I have just heard the Senator from Tennessee indicate something to that same effect, that he did not know, either, that this particular provision had been taken out of the law so as to make trading with the enemy possible. That is all it amounts to—making it possible to trade with the enemy. I do not believe the Senate would have voted that way if there had been an opportunity to debate the subject at that time.

Therefore, we have the question of what we shall do with it. The question is whether Congress has any responsibility in the matter. I for one say we have the responsibility, because we helped to emasculate the law which had operated from 1953 to 1961. That law was changed in the terminal days of the previous Congress. I believe that damage should be repaired. I would not know

how to answer my people, who would raise the question of the contrast with our effort toward Cuba and central Europe, without making some effort to correct this manifest mistake which we, the Congress, not the Executive, made in the step taken in 1961.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. GORE. The Senator may recall that the Senator from Tennessee rose when this question was last before the Senate and complimented the distinguished majority leader and the distinguished minority leader upon the achievement of an agreement to refer this vexatious issue to committee for careful consideration.

Mr. HOLLAND. And speedy return to the floor of the Senate by a fixed date, namely, yesterday.

Mr. GORE. At that time there was no way of foreseeing the horrible history which ensued. I almost feel that the whole issue should yet be considered by the Foreign Relations Committee, following receipt of specific recommendation by the new President.

Mr. HOLLAND. Of course, the Senator is within his right to have that feeling. I do not share that feeling, because I believe the Senate is trying to correct, through positive action on the pending measure, a bitter mistake which it made 2 years ago.

I am sorry to say that I have received notice from the Senator from South Dakota that my time has long ago elapsed and that he wants me to bring this colloquy to an end. I have enjoyed the colloquy and the gracious questions and comments of the Senator from Tennessee, whom I thank warmly.

Mr. GORE. I thank the Senator from Florida. I find this issue to be a very perplexing one. I appreciate the generous responses of the Senator from Florida.

Mr. MUNDT. Mr. President, there is only so much time available. The Senator from Florida and the Senator from Tennessee have made some excellent points. The Senator from Florida has made a pertinent and persuasive argument. He was especially constructive in pointing to the fallacy of some of the arguments that have been raised. First, it is argued that Canada has sold wheat to Russia; therefore, there is no reason why we should not also do so.

Mr. President, Canada has also sold wheat on credit to Red China. Would those who thus argue ask us to do that, also?

The next ugly step would be this: Canada has already sold some wheat to Cuba. Do the opponents expect us to follow in that path also? I do not believe that this is a valid argument.

The time situation being what it is, I advise Senators who would like to make plans in advance that I have promised to yield 5 minutes to the Senator from Kentucky [Mr. COOPER]. After that the Senator from Pennsylvania [Mr. CLARK] will yield 5 minutes to the Senator from New York [Mr. JAVITS]. Following that, I have promised to yield 10 minutes to the Senator from Wisconsin [Mr. PROXMIER]. That is the schedule for now.

Mr. CURTIS. Mr. President, will the Senator yield 1 minute to me, so that I may ask a question?

Mr. MUNDT. For a quick question; yes.

Mr. CURTIS. The Senator's bill has been amended, as I understand. Is it correct to say that the passage of the bill, as amended, would not prohibit the sale of wheat to Russia or to any other country for gold or cash, or for private credit?

Mr. MUNDT. The Senator is correct. The Senator from Virginia [Mr. ROBERTSON], the chairman of the committee, presented an amendment which spells out in amendment form—and the amendment has been adopted—the ruling of the Attorney General, to the effect that private banks have a perfectly legal right to extend credit for sales to Russia and Communist bloc countries.

This has no relationship whatever to the wheat deal, unless it is intended to sell wheat through credit underwritten by the American taxpayers. Sales for private credit also may continue as planned.

Mr. CURTIS. I invite attention to a telegram sent to the chairman of the Committee on Banking and Currency by the president of the National Association of Wheat Growers, dated November 19, 1963. It appears at pages 246 and 247 of the hearings.

The telegram expresses deep concern over the effect of the Mundt amendment on the sale of wheat for dollars to all Communist countries, especially Russia.

Mr. MUNDT. I received the same telegram. That question is not involved here. My bill would not stop sales of wheat for dollars.

Mr. CURTIS. The telegram continues:

The President called for sale of wheat through normal commercial channels.

And so forth.

The telegram continues:

It is furthermore generally agreed the sale of wheat to Russia will not enhance the cause of world communism but will be feeding hungry people and using their gold for food rather than war material.

As I understand, the wheat can still be sold for gold.

Mr. MUNDT. Precisely. Furthermore, the testimony of the Department of State showed that there are no hungry people in Russia. The Wheat Growers Association did not have the facts before it when it made that statement in the telegram.

Mr. CURTIS. Mr. President, I am in sympathy with that objective, but this question goes much further than wheat. In order not to read sentences out of context, I ask unanimous consent that the entire telegram may appear in the RECORD at this point.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., November 19, 1963.

WILLIS ROBERTSON,

Chairman, Senate Banking and Currency Committee, Senate Office Building, Washington, D.C.:

The National Association of Wheat Growers, which is an association of 11 major

wheat-producing States representing 65 percent of commercial wheat production of the United States is deeply concerned by the effect of the Mundt amendment on the sale of wheat for dollars to all Communist countries, especially Russia. We are now holding our State wheat association conventions. Of those held to date all have approved the sale of wheat to Russia and satellite countries as outlined by the President.

The President called for sale of wheat through normal commercial channels. It is our understanding that the Mundt amendment would disrupt normal trading procedures which have successfully operated in sale of nonstrategic goods to Communist nations. For a long period of time it is the feeling of most wheat producers with whom we have had contact that if we allow this cash market for wheat to slip through our hands and be served by our Western competitors we will be benefiting the wheat producers of these other nations at the expense of our own producers. It is furthermore generally agreed the sale of wheat to Russia will not enhance the cause of world communism but will be feeding hungry people and using their gold for food rather than war material. We therefore are in strong opposition to the Mundt amendment and request that you place this statement in the record of the committee hearings on this amendment.

GLEN L. BAYNE,

President, National Association of Wheat Growers.

Mr. MUNDT. Mr. President, I yield 5 minutes to the Senator from Kentucky.

Mr. COOPER. Mr. President, I shall vote for the bill introduced by the Senator from South Dakota. My position on the issue involved is not new. What we are really considering is whether the Congress shall endorse a basic change in our trade policy with Russia. I have maintained it should not be accomplished by a sale of wheat—which implications have not been fully considered. As a member of the Committee on Agriculture and Forestry I participated in the meetings in late September when members of the administration consulted with members of the Committee on Foreign Relations and the Committee on Agriculture and Forestry on the proposed sale of wheat to the Soviet Union. At that time we were told that the proposed sale of wheat was an isolated transaction in exchange for gold or dollars; that it was not intended for consumption by the Soviet Union, but was intended to enable the Soviet Union to meet its trade commitments. We were told that the proposed sale did not represent a change in our trade policy.

Because of my interest and concern in the proposal, like other Members of the Senate, I made a study of the enactments which deal with trade with the Soviet Union and other Communist countries. I referred to them, quoting relevant sections in my speech in the Senate on October 2, 1963, opposing the wheat deal.

I do not believe it can be controverted that, so far as Congress is concerned, it has been its declared policy that the United States would not export to the Soviet Union any subsidized agricultural commodities. Of course, there is also a prohibition against the export of strategic materials, and the executive branch, while not wholly bound in the case of agricultural commodities, has in practice followed the same policy.

But since the discussions in late September, a sequence of events has followed, which, in my judgment, indicates that a change in our policy is contemplated. It has been suggested that additional wheat may be sold to the Soviet Union and the fact that it is now proposed that the Export-Import Bank shall guarantee the credit of the Soviet Union in this transaction means, in effect, that the Government has now advanced its credit to assure the sale.

I said when I spoke in the Senate on this question on October 2 that if the sale of wheat did not represent a change in our trade policy, it was not worthy of a great country like ours to chase after Soviet gold. And today I do not believe it worthy of the dignity of our country to be running after the promise of payment of the price, either in gold or in dollars, through the guarantee of our own institution, the Export-Import Bank.

Perhaps it can be argued there should be a change in our trade policy. The distinguished Senator from Arkansas [Mr. FULBRIGHT] admits that this is a proposal, in effect, to change our trade policy. I honor him for his honesty and grasp of foreign policy in making a very effective statement in testimony before the Committee on Banking and Currency. But I do not believe the Congress should endorse a change in our trade policy with the Soviet Union, as is proposed now.

What might happen if we go on this course of Export-Import Bank guarantees of Soviet credit? It would, I think, cause our allies, weak as they have been in their trade policy with the Soviet Union, to take it as an expression of intent on the part of the United States to embark on a program of large exports of agricultural commodities; and this might lead them to believe that there would follow a change in our position with respect to the exports of strategic and industrial materials. And then they would cave in, in their trade policy, and who can determine the effect it would have on trade between the Soviet Union and Latin America?

The point I made on October 2, and the point I make tonight, is that if this is to be a change in our trade policy, then the subject ought to be discussed fully with the Committee on Foreign Relations and with the House Committee on Foreign Affairs, and with all the appropriate committees of Congress, and with our allies, so that Congress and the country will know in what direction we are going.

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. MUNDT. I yield 1 additional minute to the Senator from Kentucky.

Mr. COOPER. In a way, this proposes a change in policy similar to that which was expressed when the Senate approved the test ban treaty. We approved that treaty with doubts. But we voted for it because we had the belief that the treaty was a first step, that might lead to just settlements in time with the Soviet Union.

We do not know what the effect of a change in trade policy with respect to agricultural commodities and perhaps industrial commodities might lead to; but we can certainly say that the subject deserves full and complete consideration, equal to that of consideration of the nuclear test ban treaty. We have not had such a full and complete consideration. We do not have all the facts. I can see no reason if this is an isolated transaction, that it will influence the Soviet Union's relations with the United States—and certainly not when we seem so anxious to make it.

The security of the United States is always the primary factor if there is to be a change in United States-Soviet trade policy. The subject deserves fuller consideration than has been given, in my opinion, by our Government and, indeed, by Congress. I shall support the bill offered by the Senator from South Dakota [Mr. MUNDT].

Mr. CLARK. Mr. President, I yield 5 minutes to the distinguished Senator from New York.

Mr. JAVITS. Mr. President, notwithstanding many of the considerations which have been so very directly explained by the distinguished Senator from Kentucky [Mr. COOPER], with whom I often find myself in complete agreement, I favor the approach of the majority in the Committee on Banking and Currency. I shall vote against the bill. Indeed, I think I was the only member of my party who took that position in the committee. My reasons are as follows:

We are a great Nation; and great nations neither bluff nor trifle. As a great Nation, we have said that we will make a wheat deal with the Soviet Union. If now we wriggle out of it on the ground that we will not let the Export-Import Bank guarantee the credit of banks of the United States, when there is no question about credit worthiness—there is only a question about political risk—the Russians and the whole world will have a right to say to us that we are trifling. What the Senate would do would be to forbid what the President said would be the policy of the United States in this deal. That is the fundamental question which I believe is involved.

To say that the intent of this sale is to reverse the trade policy of our country is not to state the fact, because today the United States is already selling nonstrategic goods to the Soviet Union and other countries. We are not selling much, but we are selling.

Also, we have consulted with our allies time and time again. Our allies are pursuing a policy completely out of harmony with our policy. They are now selling billions of dollars' worth of goods to the Soviet Union and the Soviet bloc while we are selling them very little.

I think this proposal has exactly the same quality in another field that the test ban treaty had in the disarmament field. Our policy has developed to the point where we are making a tentative approach of a different character to the Soviet Union and the Soviet bloc than we have made heretofore. The tentative approach to the test ban treaty was to

determine whether a small first step could be made with respect to the control of atomic arms. The transaction which we are now discussing would be to determine, as a first small step, whether it would be possible for both sides to gain anything from our increased economic relations with the Soviet bloc. I hasten to point out at once that the situations of Communist China and of Cuba are totally different from this situation, because aside from our maintaining relations and having cultural and other exchange agreements with the Soviet Union and the Soviet bloc, central Europe is at stake. We feel that we can do something there to foster the spirit of independence.

Second, we would not be giving anything to the Soviet Union or the Soviet bloc in this transaction. The question is—and the Senator from North Dakota [Mr. Young] has made this plain—Will the transaction be of advantage to us? This will not be an eleemosynary, woolly-headed, maudlin act. Will it, in the hard pull, be advantageous to us? I think it will.

It will be advantageous to us as a small first step to see if economic relations of a modest character can help to improve relations with the Soviet bloc.

It will be advantageous to us in terms of getting rid of a surplus which we have, for hard money which we can use. Furthermore, our surplus is a storage problem to us, which will be relieved.

The PRESIDING OFFICER (Mr. BREWSTER in the chair). The time yielded to the Senator from New York has expired.

Mr. JAVITS. Mr. President, will the Senator from South Dakota yield 2 more minutes to me?

Mr. MUNDT. I yield 2 additional minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 more minutes.

Mr. JAVITS. Mr. President, I think the proposed sale of wheat to Russia is advantageous to us in terms of the adoption of a different policy with respect to a commodity on which we are now incurring a loss.

I think it will also be advantageous to us in terms of the competition between our producers and those of our allies who sell billions of dollars' worth of goods to the Soviet bloc, whereas we sell them practically none.

I think it will also be advantageous to us in terms of getting the Soviet bloc to be more dependent upon us for necessary food supplies and other materials, as I pointed out earlier in regard to the present dependence of the Soviets upon West Germany for spare parts.

Furthermore, I do not think this proposal involves at all making or breaking the Soviet Union. As regards the food supply necessary for the Soviet Union, all of us understand that the people of Russia can, if necessary, tighten their belts.

Also, the proposed sale of wheat to Russia will not necessarily result in broad-scale trade with the Soviet Union; we have full control over every step.

Finally, it is clear that the proposed sale of wheat to the Soviet Union will

give us an economic advantage which we need.

I do not favor a policy of general trade with the Soviet Union unless we can, in that connection, take adequate care of debts, patents, and the right of Americans to travel in Russia for the purpose of servicing and selling. There are many things which we would need to do in terms of a general trade arrangement, just as would be necessary in connection with a full-scale test ban treaty.

But, Mr. President, to put the matter very bluntly and frankly, I think the proposed sale of wheat to Russia is an excellent first step which will give us appreciable economic advantages. In addition, our Government is committed to it.

However, if the pending bill were to be enacted into law, we would be pulling the rug from under our President.

Therefore, I shall vote against the pending bill.

Mr. MUNDT. Mr. President, I yield 5 minutes to the Senator from Wisconsin [Mr. PROXMIER], who has favored this proposed legislation.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 15 minutes.

Mr. PROXMIER. Mr. President, I thank the Senator from South Dakota for yielding to me.

The Senator from New York argued that this proposed arrangement will not either make or break the economy of the Soviet Union. Of course that is true; but in the judgment of Khrushchev and the other leading Communists the sale of the wheat to Russia will be sufficiently valuable to the Soviet economic and military machine to make them willing to give up much of their limited supply of gold and dollar reserves.

This wheat is not needed in order to prevent starvation in the Soviet Union. That point was made abundantly clear during the hearings. There is no rationing of wheat or any food in Russia. This wheat is for the purpose of enabling the Soviets to meet their commitments to the satellite countries, including Cuba, and to replenish the U.S.S.R. military reserve. Trade statistics prove that although Russia has not had a good crop year since 1958, its exports of wheat have increased a whopping 50 percent since then. Why? Because the U.S.S.R. knows how valuable this wheat is in holding the Communist alliance together.

Secretary of the Treasury Dillon argued that Cuba has already been taken care of as a result of the wheat deal with Canada. In that connection, only approximately \$35 million worth of the wheat, out of the total of \$500 million of Canadian wheat, was for Cuba. Furthermore, the Canadian wheat deal was consummated before the occurrence of the hurricane which devastated Cuba, and thus changed the situation there and created a requirement for much more wheat for Cuba—as was conceded at the hearings.

Our Government is engaged in a policy of attempting to bring Khrushchev to his knees; of getting the Russians out of Cuba. The proposed sale of wheat to

the Soviet Union would make it possible for Russia to keep supplying wheat to Cuba for a longer period of time to continue to be the principal supplier of food to Cuba. Would anyone argue this continued power over Cuba by the U.S.S.R. is in our interest? Of course not. But our wheat deal will aid the U.S.S.R. to continue its domination.

It is also true that Russian wheat exports to East Germany and Czechoslovakia keep the machine tool and chemical industries in those satellites productive and able to supply the U.S.S.R. with the economic war potential she needs.

Mr. President, I oppose the proposed sale of wheat to the Soviet Union; and I approve of the Mundt bill because I believe it would frustrate the proposed sale of wheat to the Soviet Union, and also because I believe that before we agree to make such a sale to the Soviet Union, we should insist on obtaining from the Soviets a real concession to peace—not gold, or dollars but peace. After all, at present we have the only surplus wheat in the world; we have a monopoly of it, and therefore we are in a very strong bargaining position. At the committee hearing the Senator from Arkansas [Mr. Fulbright], who made a strong argument against the Mundt bill, conceded that until next spring, if Russia is to obtain wheat, she must obtain it from the United States. Canada will not be able to deliver any more wheat to Russia; Russia has gotten all she can from Australia. So if Russia does not get the wheat from the United States, she will not be able to get more wheat.

Furthermore, the Senator from South Dakota has argued that we should attempt to obtain among our allies an agreement, particularly with respect to wheat, which will help persuade the Russians to make real concessions. What's wrong with that? Impractical? Not a bit. The hard fact is that some of our allies seem to be willing to agree to concerted action.

Before Canada finally sold the wheat to the Soviet Union, the Trade Minister of Canada said he had cleared the sale of wheat with our Government and our State Department had not protested.

The former Chancellor of Germany, Mr. Adenauer, who was the Chancellor of Germany until a few weeks ago, has protested against our proposed sale of wheat to Russia, unless we win a concession from the U.S.S.R. for access to West Berlin. These straws in the wind may indicate that if we insist on obtaining a concession from Russia before we agree to sell her the wheat she wants very much, we may obtain such a concession. And why should we not try?

The Senator from Arkansas, the distinguished chairman of the Foreign Relations Committee made an argument against the Mundt bill which has considerable appeal to me; namely, that we should not expect to defeat the Soviet Union in either a military or a para military contest, but that if peace in the world is to be achieved, there must be some sort of evolution in Russia—an evolution in terms of more cooperation

with the rest of the world, and that trade with Russia of the kind proposed will perhaps lead to the reaching of such an agreement.

This may well be the best possible way to achieve peace in the world. But, Mr. President, from every experience we have had with the Soviet Union, it is clear that the Soviets become peaceful only when we use our bargaining position to obtain concessions. After all, within 48 hours after the President of the United States indicated that we would sell wheat to Russia, the Soviets closed access to West Berlin and kept the American troops from moving into West Berlin. Does this suggest the wheat sale will soften Russian Communist militancy? It is also true that when we took a firm stand in regard to Cuba, at the time when the President of the United States made his magnificent speech of October 22—a speech of which all Americans were so very proud—and showed great firmness in regard to Cuba, the President obtained results for peace, and the Soviet Union and Premier Khrushchev backed down.

And only a few days ago, when Professor Barghoorn was falsely arrested as a spy, again the President of the United States was firm. The result: Barghoorn was released, because the President took steps to make sure that if Barghoorn was not released, the United States would have drastically reduced its cultural dealings with the Soviet Union; Barghoorn was released. In that way we obtained results; the Soviets backed down.

Therefore, Mr. President, we should not permit this lesson of history to be lost. We now have a chance to use this bargaining power. We should use the wheat in order to obtain some concessions, for example, in regard to freedom of access to West Berlin or in regard to the removal of the Russian troops from Cuba.

The distinguished Senator from New York has said we should have the same kind of approach on the wheat deal we had on the test ban treaty. I agree that we should. But we do not. The test ban treaty provides a quid pro quo. The test ban treaty provides that if they do not live up to an agreement to help achieve peace, then we retaliate. We act. Then resume testing ourselves. We secure a concession, positive, definite, specific for peace. But in this case we do not. But we do provide the wheat which they need to keep the Soviet Union's satellites together.

There are two technical points I should like to make before I conclude.

It has been said that the proposal will help our balance of payments, that we will get the gold we need for our balance of payments and they will get the wheat which we do not need. We are confusing the means and the ends here. Why do we have this adverse balance of payments? The reason we have it is because we face the threat of the Soviet Union in the world. That is why we have our troops stationed in Europe. That is why we have made gigantic commitments in foreign military assistance, as well as

having troops stationed all over the world. This is the prime cause of our adverse balance of payments. The actions of the Soviet Union through its puppet East Germany in closing access to Berlin costs our balance of payments far more than any wheat deal can benefit it, because that kind of Soviet militancy is the kind of thing that persuades wise people to continue our commitments in Europe that are so costly to our balance of payments. If we are to strengthen our balance-of-payments position, the permanent way to strengthen it is to use our strength to get concessions for peace in the Soviet Union and then in that peaceful situation, we can reduce cautiously and gradually our worldwide commitments.

One element that I believe perhaps has been missing from the debate, as far as the Export-Import Bank is concerned, which should be recognized, is the interest implication of the Export-Import guarantee, to which the Mundt bill is specifically directed.

The Export-Import guarantee assures Russia more favorable terms from this country than she can get from Canada. We did not simply meet Canadian terms. We beat Canadian terms. We not only make wheat available at the subsidized world price, at a lower price than the American taxpayer has to pay for wheat, but also we, our Government, guarantees the shipment. The result: With the risk eliminated the interest rate is lower than the Soviet Union otherwise would have to pay. This was brought out in the hearings. The Canadian deal required a 5½ percent interest rate. The American deal, because of our guarantee by the Export-Import Bank, required only a 5 percent interest rate. The Soviet Union will be buying therefore at a lower price because they have more favorable credit terms. As was brought out in the hearings, and as has been discussed in the newspapers, in the Canadian deal the Soviet Union decided to pay cash and not take advantage of credit terms for the wheat. There seems to be every possibility they will continue to pay cash and not use any of the credit extended by Canada to the Soviet Union.

But the guarantee of our Export-Import Bank has been more beneficial to the U.S.S.R. It has cut the risk out and in doing so gives Russia a favorable 5 percent interest rate on its credit deal. It is favorable because unless we pass the Mundt bill we will be placing the full faith and credit of the U.S. taxpayer behind Russia's credit.

There is one other related point I should like to make and that is that the extent to which shipments of grain and other products should be carried in American vessels.

The law on this question seems abundantly clear. I have recently written a letter to the Secretary of Commerce, the Honorable Luther Hodges, questioning whether the shipments of grain to Communist countries should not be entirely or largely in American vessels. I ask unanimous consent, Mr. President, that this letter may be printed in the Record.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HON. LUTHER HODGES,  
Secretary of Commerce,  
Department of Commerce,  
Washington, D.C.

DEAR MR. SECRETARY: I understand that in the recent sale of U.S. corn to Hungary, credit is being extended to Hungary over an 18-month period. I further understand that this credit is being financed by a New York bank and the Export-Import Bank is providing a 100-percent guarantee on the loans. My impression is that such a loan arrangement necessitates at least 50 percent of the corn being shipped to Hungary in American-flag vessels. Yet apparently the Maritime Administration has ruled that none of the grain needs to be carried in American vessels. If true, this decision is contrary to our national interests, to both law and custom. It hurts our balance-of-payments position. It deprives Americans of jobs they need.

All the legal precedents on this question indicate that at least 50 percent of any foreign shipments of American grain should be carried in American-flag vessels.

The Congress has repeatedly made this policy explicit and the pronouncements from the Maritime Administration have always been consistent with this policy. The present action by the Maritime Administration would seem to be completely in violation of all legal precedents.

The Maritime Administration has apparently taken action, quietly and without public notice, to permit foreign vessels to carry all corn being shipped to Hungary under the recent agreement. Such a policy will undoubtedly constitute a precedent for similar decisions with other grain shipments to the Soviet Union.

I have been consistently opposed to these grain shipments on the grounds that they serve to strengthen the Soviet bloc economically relative to our own economy. I think the decision by the Maritime Administration accentuates and intensifies the relative benefits given to the Soviet bloc by these deals and correspondingly hurts us in the cold war struggle.

The decision by the Maritime Administration also deprives American shippers of a fair share of this trade with a Communist country. Such trade was originally justified by the administration on the grounds that it would benefit the American economy. Yet foreign-flag vessels will receive all of the benefits from the shipments of products.

Our balance of payments is presently in serious deficit. The shipments of grain to the Soviet Union and its satellites has been justified on the ground that this will aid our balance of payments. Yet one of the principal positive factors in our balance of payments is shipping income. That shipping income is to be denied to Americans under the Maritime Administration actions.

Public Resolution 17 approved by the 73d Congress on March 26, 1934, states in part: "That it is the sense of Congress that in any loans made by the Reconstruction Finance Corporation or any other instrumentality of the Government to foster the exporting of agricultural or other products, provision shall be made that such products shall be carried exclusively in vessels of the United States, unless, as to any or all of such products the Shipping Board Bureau, after investigation, shall certify to the Reconstruction Finance Corporation or any other instrumentality of the Government that vessels of the United States are not available in sufficient numbers, or in sufficient tonnage capacity, or on necessary sailing schedule or at reasonable rates."

The Maritime Administration action is a clear violation of this congressional expression of policy.

On June 5, 1934, the Attorney General expressed the opinion that Public Resolution 17 was not to be regarded as mandatory in all cases. However, it is my understanding that, in fact, very few, if any, cases occurred until after World War II in which Public Resolution 17 was not followed.

On September 12, 1945, the then President of the Export-Import Bank wrote the Administrator of the Maritime Administration encouraging the Administration to waive the Public Resolution 17 rule in some cases. The reason for the requested waiver was that we were attempting to promote post-war reconstruction by extending grants and loans to various foreign countries and would be, under Public Resolution 17, taking away with one hand the dollars which were being made available with the other. This policy consideration, of course, is not germane at the present time, especially in view of our balance-of-payments difficulties.

In replying to the President of the Export-Import Bank, the Maritime Administrator stated in part: "The Merchant Act of 1936 emphasizes the congressional policy that a substantial portion of foreign trade be carried in American bottoms. This has been generally construed to mean that at least 50 percent of our foreign commerce in each trade route should be carried in American bottoms."

"It is our thought that the operations of our respective agencies could be most effectively coordinated in this respect if you would insert in your loan agreements a standard clause, providing that all shipments be on flags of American vessels, as indicated by Public Resolution 17, except to the extent that exemptions from the resolution may be permitted by the Maritime Commission."

"The Maritime Commission and the War Shipping Administration would be prepared to police the above quoted contractual provision and report to you periodically as to the arrangement made in connection therewith. The Commission would insist in all cases upon 100 percent shipments in American bottoms unless the foreign government involved gave satisfactory assurances with respect to reasonable participation by American vessels in the transportation of imports to and exports from that country. As a rough guide in this connection a minimum of 50 percent participation would be used."

On April 21, 1952, the then Maritime Administrator wrote the Secretary of State further on the waiver policy. In that letter it was stated in part: "The Attorney General has held that Public Resolution 17, while not mandatory, is in itself the expression of the basic policy of the United States and serves as a protection against, and amelioration of, the damaging effects which result when exports purchased from the United States with proceeds of loans made by this Government are removed from the scope of normal commerce and their shipment controlled by the recipient of such loans."

"One consideration to the granting of such general waivers is that the recipient nation accords fair and nondiscriminatory treatment to U.S. registered vessels on a parity with its own vessels in the international trade. This includes attention to such features as charges on vessels, taxes, berthing facilities, consular fees paid by shippers, and conversion of freight money, as well as the practice of the foreign nation toward efforts of U.S.-flag lines to complete and participate in cargo movements controlled within that country."

These quotations from earlier correspondence seem to me to establish appropriate guidelines for U.S. policy with respect to loans and foreign freight shipments. My

understanding is that the policy of the Maritime Administration has never been to waive more than 50 percent of the U.S.-flag requirement under P.R. 17. Moreover, the waivers of up to 50 percent have only occurred in two types of situations, namely: (1) When the Maritime Administration certifies that U.S.-flag vessels are not available in sufficient numbers, or tonnage capacity, as to sailing schedules or at reasonable rates, or (2) when so-called general participation waivers are authorized permitting the recipient nation vessels to share in the traffic. In fact, a 50-percent U.S.-flag minimum clause was indicated in specific foreign aid acts in 1948, 1949, and other years up to 1954, the so-called Cargo Preference Act.

Indeed the Maritime Administration has consistently followed the policy of requiring at least 50 percent of cargo financed by an instrumentality of the Federal Government to be carried in American ships.

This policy has been enforced in shipments to countries that have had the warmest and friendliest relations with the United States. The Maritime Administration has insisted on this policy even when it is clear that the shipment of goods is to an ally who will stand with us against communism.

But now, in shipment to Communist countries—and Hungary has as black and brutal a Communist record of suppression of human liberty as any nation—the Maritime Administration seems to be abrogating the law and violating established custom to provide discriminating, preferred treatment to the Communist government of Hungary.

In view of this history, I would like to inquire as to the type of waiver which was provided in the case of the corn sales to Hungary. I recognize that this decision is made by the Maritime Administration which is under your general direction.

Sincerely,

WILLIAM PROXMIER.

Mr. PROXMIER. This question is relevant, Mr. President, because one of the principal arguments for these grain sales is that they will assist us in meeting the current balance-of-payments problem. Yet the assistance to our balance of payments will be minimized if the grain is entirely shipped in foreign vessels.

There is an escape route in the law and regulations with respect to the shipment of commodities of our export-import loans in U.S. vessels. This escape route states that the requirements of 100 percent or 50 percent in U.S. vessels is not relevant if the U.S. ships are "not available."

I raised this question with the Under Secretary of Commerce, the Honorable Franklin D. Roosevelt, Jr., when he testified before the Banking and Currency Committee on November 22. I would like to quote at this point a part of his answer:

In order to clarify that point, the Maritime Administration in the Department of Commerce reviewed the projected requirements for American ships during the coming 6 or 7 months, including the requirements for Public Law 480 shipments.

We did this, incidentally, in cooperation with the Department of Agriculture. As a result of that survey, it became immediately evident that on the assumption of approximately 2½ million tons of wheat to Russia, and approximately a million and a half tons required for the satellite nations, or a total of 4 million tons, we would not have sufficient domestic bottoms to carry more than

50 percent of approximately 50 percent of this traffic. Therefore, all we did was to interpret, or to specify the terms of reference which the President placed upon the sale of this wheat and wheat flour to the Soviet Union and the eastern European Communist countries.

Now to the second point, as to why we require it for wheat and wheat flour and not for other agricultural commodities, the same basic projection of our requirements for shipping prevailed, and it became obvious if we could only carry 50 percent of the projected wheat sales, then we could not carry any of the additional shipments.

Mr. Roosevelt had to give this answer, because the Commerce Department is required to determine whether vessels are available before deciding that shipments can be made in foreign bottoms.

Mr. President, I challenge the conclusion of Mr. Roosevelt that U.S. ships are not available to carry this grain. In the first place, Mr. Roosevelt has apparently only considered tramp vessels, not U.S. steamship lines. In fact, Mr. President, virtually every steamship line in the country does have tonnage available by which to carry these grain shipments and would like very much to have the business.

After my colloquy with Under Secretary Roosevelt and following the tragic events of the last few days, my telephone has been ringing steadily with calls from representatives of virtually every large steamship line in the country. Representatives of these companies, without exception, have indicated that they have boats available which could carry any amount of grain or other commodities which the United States sells to the Soviet Union or other Communist countries. Moreover, these lines are very anxious to obtain this business.

I am willing to document this statement by letters from all of the major steamship lines. Representatives of these lines have indicated to me that they will provide me with such letters. These companies included Lykes Bros., United States Lines, Moore-McCormack, States Marine Line, Bloomfield Steamship Co., and many others. Time has not permitted me to obtain these letters as yet but I ask unanimous consent to have printed in the RECORD one letter which I have already obtained from United States Lines.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES LINES,  
Washington, D.C., November 26, 1963.  
HON. WILLIAM PROXMIRE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR PROXMIRE: We understand, one of the issues that has been raised in connection with contemplated sales of agricultural commodities to Russia and the satellites is that of availability of U.S.-flag ships or space thereon for the delivery of other than wheat and wheat flour to the Soviet Union and its satellites.

We believe the waiver of the priorities for U.S.-flag ships in delivering commodities other than wheat and wheat flour to this area cannot be defended on the basis of the inability of American-flag vessels to make timely delivery of such commodities.

Under present circumstances, vessels of our steamship company not only have available space but we anticipate will continue to

have available space reliably and economically to consummate these movements in American-flag ships. Thus we believe that freeing the movement of other than wheat and wheat flour from priorities for American-flag vessels will adversely affect cargo justifiably available to us and thus have negative implications for our balance of payments.

Sincerely yours,

W. J. D'OLIER,  
Vice President.

Mr. PROXMIRE. Mr. President, to the maximum possible extent any shipments of grains or other commodities to Communist countries should be in American vessels. This includes both American steamship line vessels and tramp vessels.

To sum up, what this deal provides is wheat at a subsidized world price involving a gift of tens of millions of dollars, in effect, from the American taxpayer to the Soviet Union.

Second, this country's credit and the good faith of the American taxpayer are behind this deal which provides for a lower interest rate than would otherwise be provided; and indeed, for a lower interest rate than is available with Canada.

The sale will help the U.S.S.R. hold Cuba and its other satellites together under Russian domination. Because we fail to use our wheat monopoly to secure a solid, definite concession to peace, this deal will do nothing to advance peace. Indeed it is more likely to reinforce U.S.S.R. truculence and militancy as the Soviet Union has always done when we fail to exploit our bargaining position fully.

I thank the Senator from South Dakota.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MUNDT. I yield 5 minutes to the Senator from Ohio from the time on the bill.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 5 minutes.

Mr. LAUSCHE. Mr. President, I contemplate voting for the amendment offered by the Senator from South Dakota [Mr. MUNDT]. I should like to enumerate my reasons for casting my vote for the amendment.

First, in my judgment, we are practically at war with Red Russia. It may be labeled as the cold war but the fact is that Red Russia's policy toward the United States has not been altered in a single degree. Red Russia is waging actual war upon us.

It is intent upon destroying our political, economic, and social system. It has no affection for us. It is waiting for the opportunity to toll the bell when our system of government will be laid to rest.

I should like to read briefly what George Kennan had to say about Red Russia and the United States. These are his words. He tried to paraphrase the thinking of the Communist in Red Russia about our country. He said:

We despise you. We consider that you should be swept from the earth as governments, and physically destroyed as individuals. We reserve the right in our private, if not in our official, capacities to do what we can to bring this about; to revile you publicly, to do everything within our power to

detach your own people from their loyalty to you and their confidence in you, to subvert your Armed Forces and to work for your downfall in favor of the Communist dictatorship. But since we are not strong enough to destroy you today \* \* \* since an interval must unfortunately elapse before we can give you the coup de grace \* \* \* we want you during this interval to trade with us. An outrageous demand? Perhaps. But you will accept it, nevertheless. You will accept it because you are not free agents; because you are slaves to your own capitalist appetites, because when profit is involved, you have no pride, no principles, no honor. In the blindness that characterizes declining and perishing classes, you will compete with one another for our favor.

Those words portray the thinking of Communist Russia today. Not long ago Khrushchev made the statement, "When the gold of Russia and of the Communist nations is dangled before the eyes of the capitalist United States, they will abandon all principle."

That is the situation which prevails today.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. LAUSCHE. Mr. President, will the Senator yield me 5 more minutes?

Mr. MUNDT. Mr. President, I yield 5 additional minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for an additional 5 minutes.

Mr. LAUSCHE. Khrushchev is waiting at home, convinced that the capitalistic greed and appetite will not be able to resist the gold, but would rather succumb to the threats which are implicit in what is being proposed. I do not propose to become a victim of what Khrushchev wants to offer.

The United States cannot afford to have its friends throughout the world believe that our treatment of our enemies is practically identical with our treatment of our friends. If we subsidize the sale of wheat and extend the guarantee of credit, I ask, "What difference would there be between the treatment we accord to Red Russia and the treatment we accord to our friends throughout the world?" In my judgment, there would be no difference whatsoever.

There is uncertainty in the minds of government officials throughout the world as to what we are thinking. They do not know what our policy is.

It is asked, "Why are you helping Red Russia? Why are you helping the Polish Government and the Yugoslav Government?" "What good does it do for my nation," asks a little nation, "for us to stand by your side when your treatment of us is no different from your treatment of the Communist countries?"

The United States cannot permit such wrongdoing or anything which will indicate a faith and belief in the Communist political and economic system. If we permit the people around the world to believe in communism we shall be helping to drive the nails which will eventually seal our doom.

The United States must not follow a course which causes government officials to be confused about our policies. If we

sell to Russia but not to Cuba, not to China, and not to Czechoslovakia, what is our policy? I put that question. What will be our policy?

I have had some experience on the bench. I have had some experience as a Governor. I know that one thing must constantly dominate; that is, whatever the Government does must be done in a uniformity of policy.

Now there is advocated an ad hoc treatment—that we approach the problem on the basis of immediate expediency and not on the basis of a long-range treatment of the entire question.

What a strange approach it is to subsidize sales both as to price and as to credit.

Initially, when the proposal was made, our Nation was told the sale would be made for gold, or for dollars on the barrelhead. Now we are asked to guarantee the credit, and, of course, also to subsidize the price.

What have our friends said about this? Mr. Adenauer complained. Canada did not want to sell its wheat until it first had the approval of our State Department.

The PRESIDING OFFICER. The time yielded to the Senator from Ohio has expired.

Mr. LAUSCHE. Mr. President, will the Senator yield me 3 more minutes? I shall be through in 3 minutes.

Mr. CLARK. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. CLARK. The Senator from South Dakota is becoming pressed for time. I do not wish to curtail the Senator from Ohio. If the Senator wishes, I will yield him 3 minutes from the time in opposition to the bill.

Mr. MUNDT. I thank the Senator from Pennsylvania. I appreciate his courtesy.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 3 minutes from the time in opposition to the bill.

Mr. LAUSCHE. I thank the Senator from Pennsylvania very much.

If we are to have a change in policy—and that is what is contemplated—in this important issue, it should not be determined in this fugitive and flighty way. What is sought to be done deals with a change of policy that the United States has followed since World War II.

Now I conclude: Next year there is to be held, under the auspices of the United Nations, a trade conference in Geneva. In my judgment, that trade conference will propose freedom of trade between the Communist nations and the nations of the West.

How is American industry, which relates price to cost, to compete with the economy of the Communists, which fixes price without any relationship whatsoever to cost? That is the problem that will confront us.

This is the beginning of that journey down the road which will supposedly mean that there will be an embrace with Red Russia; that we can compete with Communist governments in the sale of their products. It cannot be done be-

cause in Red Russia people mean nothing; in the United States, everything.

I would like to get the \$250 million in gold or dollars. It is argued that this is to our advantage. It is to our advantage for the night, but as the nights roll on, the Communist threat will not change. It will grow stronger. What today is a balm tomorrow will be a bane. I yield the floor.

Mr. MUNDT. Mr. President, I wonder if the Senator from Pennsylvania [Mr. CLARK] will join me in a request for a quorum call not to be charged to either side, to run only for a moment or two, so that the attachés in the cloakroom may advise Senators that the end of the debate and allocation of time are approaching. If there are Senators who wish to speak, they should notify us. I think they are entitled to that notice.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. CLARK. I would not object to having a quorum call before the Senator from South Dakota made his speech. Can we not continue for a little while, unless the Senator from South Dakota wishes to make his speech now?

Mr. MUNDT. I am down to four or five speakers. I know of no more, but I may not know of other Senators who desire to speak on this side.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. MANSFIELD. I understand that there are no more speakers on this side. Is the Senator through on his side?

Mr. MUNDT. No; we are not through on this side.

Mr. MANSFIELD. Why not proceed? The Senator is the proponent of the bill, and he ought to make his views known. Up to this moment, except in colloquy, they have not been made known.

Mr. MUNDT. That is correct. I wanted to protect, not myself, but Senators who may not have made known their wish to speak.

Mr. MANSFIELD. Mr. President, how much time remains on the bill?

The PRESIDING OFFICER. The proponents have 77 minutes remaining. The opponents have 115 minutes remaining.

Mr. MANSFIELD. The proponents have 115 minutes remaining?

The PRESIDING OFFICER. No; the proponents have 77 minutes remaining.

Mr. MANSFIELD. How much time does the Senator from South Dakota think he may require?

Mr. MUNDT. Not more than 30 minutes, and probably less. I was trying to have a quorum call so that the attachés in the cloakrooms could tell the Senators who called there—as they always do—that if they expect to be heard they had better make it known.

Mr. MANSFIELD. They have had ample notice. The Senate has been in session since 12 o'clock. This is not a club of strollers. We are supposed to be statesmen and stay somewhere near the vicinity of the floor. Senators should have made up their minds whether they wished to speak on the bill.

If it meets with the approval of the Senator from South Dakota and the Sen-

ate, I suggest that we have an understanding that the Senate vote at 8 o'clock on the measure, with 20 minutes to be allocated to this side.

Mr. MUNDT. That would be impossible. There are five speakers on this side that I know of. We shall probably require the 77 minutes to finish the argument. I have not yet participated in the debate. I am not a member of the committee.

Mr. MANSFIELD. No; but the Senator introduced the bill.

Mr. MUNDT. Certainly. The Senator from Nebraska [Mr. Hruska] has a speech of about 20 minutes. So he and I will take 50 minutes out of our time.

The PRESIDING OFFICER. Who yields time?

Mr. MUNDT. Mr. President, I yield 5 minutes to the Senator from Wyoming [Mr. SIMPSON].

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 5 minutes.

Mr. SIMPSON. Mr. President, I support the Mundt bill. This bill would prohibit the Export-Import Bank or any agency of this Government from guaranteeing the payment of any obligation incurred by a Communist country or from extending credit to any such country in connection with the purchase of any American product.

The Export-Import Bank is an instrument of the United States. Its money is the money of the American taxpayers.

The Export-Import Bank has two principal methods of operation. First, it makes loans to foreign purchasers to finance the purchase of U.S. goods.

Second, it makes it possible for U.S. exporters to finance commercial sales by guaranteeing the short term credits normally involved in such transactions. In practice, short term loans are made by commercial banks, and the function of the Export-Import Bank is to insure all or part of the risk taken by the banks in return for an appropriate premium.

It is the latter method which would be used if the Russians were able to make an agreement with our wheat exporters. This would mean that the American taxpayers would be guaranteeing the payment to our exporters and commercial bankers.

There is no risk for the shippers or the bankers. Full risk, full guarantee that the grain will be paid for, is assumed by the taxpaying citizens of the United States through the wholly American owned Export-Import Bank.

For more than 15 years we have been extending great economic and military aid to nations throughout the world in an effort to safeguard those countries from Communist aggression.

We have made some progress in slowing down the Communist aggression. We now see the first possibility of a weakening and overextended Russian Government. We have held off Russia's advances for many years until, now, her own system is threatening to bring great damage to her reputation.

What do we do when we learn of her difficult condition? I tell the Senate what we do. We immediately make overtures to her negotiators to see if we can make a profit by selling our excess wheat.

Russia does not need our wheat to feed her people; she needs it to meet her commitments to her Communist countries. All of the government witnesses before our committee testified that Russia could get by without our wheat. So, selling wheat to Russia is not a Christian act which would alleviate suffering of a hungry people.

The selling of wheat and other products to Russia permits that Communist country to meet its commitment and to maintain itself as a power in world commerce.

I invite attention to the record of the hearings, at page 151, the testimony elicited by the Senator from Colorado [Mr. DOMINICK] from Mr. Ball, Assistant Secretary of State. That colloquy reads as follows:

Senator DOMINICK. Would you agree in many areas of the world Russia is doing its best to overthrow free world governments and to put them under Communist government?

Mr. BALL. There is no doubt of it. Senator DOMINICK. At the moment, our policy is not to trade with either Red China or Cuba in any form; this is correct, is it not?

Mr. BALL. That is right. Senator DOMINICK. If this particular transaction goes through, would you anticipate that we would change our policy with respect to trade with those Communist countries?

Mr. BALL. No; certainly not. Senator DOMINICK. On what basis do you distinguish that?

Mr. BALL. There is a fundamental difference in the nature of the relationships. Communist China still has Americans in prison.

I pause at that point to say that Communist Russia has had Americans in prison. She has had American servicemen in prison at the autobahn. She held Professor Barghoorn in prison. She has held many prisoners, and will continue to hold others in the future.

I continue to read:

It still is engaged in a violent action against us around the world in various places. The main problem that we have with it, of course, is its aggressive intention with regard to Formosa, the fact that we have friendly relations with the Republic of China.

While Red China is the aggressor in Formosa, Russia is the aggressor in Western Europe and in Cuba. It should be clear that Cuba, Russia, and China are one and the same type of nation—dedicated to the overthrow of the great United States of America.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MUNDT. I yield 1 additional minute to the Senator from Wyoming.

The PRESIDING OFFICER (Mr. BREWSTER in the Chair). The Senator from Wyoming is recognized for 1 minute.

Mr. SIMPSON. If ever our economic system had an opportunity to show its superiority, now is the time. We must not weaken our position by bailing out our enemy in a time of crisis. We are not in the cold war for sports. We are in it for the survival of freedom.

For many years we have refused, and properly so, to aid Communist countries. I believe now is the time to reevaluate our position. Do we believe that com-

munist is out to destroy us, or do we believe that the Communists are our friends? I believe they are dedicated to the destruction of our Nation and freedom. I am not prepared to ask the taxpayers of America to guarantee the debts of our cold war enemies.

I do not agree with the administration and its policy to sell wheat to the Communist bloc countries; nor do I agree with the Attorney General in his interpretation of the Johnson Act. However, those decisions have been made, and I do not quarrel with them. We are now confronted with the problem of asking the American people to assume the risk of non-payment by the Communist bloc countries.

We, as a country, have asked our allies not to deal with the Communist countries. We have criticized those countries which did trade with Red China, Cuba, or any of the other Communist countries.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MUNDT. I yield 1 additional minute to the Senator from Wyoming.

Mr. SIMPSON. Our Government forgets its role as the leader of the free world and attempts to reinterpret the law so that we can sell our cold war enemy wheat and acquire a profit.

So it is my sincere hope that Congress will place principle above profit and deny the Export-Import Bank the authority to guarantee this credit.

Mr. MUNDT. May I inquire from the other side of the aisle if any Senator wishes to speak for a short period of time? The Senator from South Carolina [Mr. THURMOND] is on his way to the Chamber.

Mr. SPARKMAN. I yield 3 minutes to the Senator from New Hampshire.

Mr. MCINTYRE. Mr. President, I cannot endorse S. 2310, a bill to take away the facilities of the Export-Import Bank to American businessmen in any commercial transactions they may have with Communist countries. Such export encouragements are provided by every other major trading nation and help to move world trade into channels whose course is at first uncertain.

The issue posed by this bill is much broader than approval or disapproval of the much-discussed sale of surplus wheat to the Communist bloc. So far as that transaction is concerned, as I said at the time negotiations were announced, it seems possible that this Nation might have turned a serious Soviet wheat shortage to better advantage, not in terms of price, but in order to achieve national security objectives. While our traders might have won more, I cannot support a bill that would conclusively bar any public benefits which might flow from such trade, now or in the future. Its passage would place American business at a disadvantage and protect the other trade relations of the Soviet bloc from American competition.

Our trade with the controlled economies of the Soviet bloc should not be free of regulation and restraints. Under existing law, the Government may deny an export license for any such transaction. But the record of hearings on S. 2310 discloses little to support the view

that this is the time to impose blanket restrictions on East-West trade. We must avail ourselves of every opportunity to influence the conduct of the bloc countries and should not deny ourselves the instruments of trade in our contest with their governments.

Let the subject economies feel the productive vigor of American enterprise. Our free enterprise system, not threatened by competition with State economies, should welcome such a challenge.

There is a political risk in such trade, which the Export-Import Bank was created to bear. Many of the advantages of such trade, including improvement in our chronic balance-of-payments difficulties, accrue to the Nation as a whole. The purely economic risks, such as price fluctuations, are borne by the traders and their private banks. Once it is decided to have a Government financial institution to underwrite the political risk of exports, I believe it should be permitted to guarantee such export transactions as the Government itself permits. Consequently, I urged the Committee on Banking and Currency to report the bill unfavorably to the Senate.

Mr. SPARKMAN. Mr. President, I yield 3 minutes to the Senator from Idaho.

Mr. CHURCH. Mr. President, the one basic question which faces the Senate may be stated simply. It is whether it is in the national interest to encourage peaceful trade with all nations, including Communist nations. Our late, great President believed it was. So do I.

We are one in this Chamber in our opposition to communism, in our distaste for Communist governments. However, hating them will not make them go away. Refusing to trade with them does not prevent their trading with other nations in the non-Communist world.

What does it gain us to sell surplus wheat to West Germany, only to have it refined there into flour and sold profitably to the Iron Curtain countries? Our food eventually reaches those countries through middlemen, who reap the gain. To persist in this course is only to harden and sharpen the schism between the United States and Communist governments, without weakening them in any meaningful way.

Sooner or later we must realize that we all live on one shrunken planet. We must either live together in peace or die together in a nuclear war.

Sale of food promotes the cause of peace. Two hundred and fifty million dollars paid to us by Russia for surplus food we do not need not only will help us earn added gold, which we do need, but will also represent \$250 million which Russia cannot spend on guns or missiles or other mischief in her effort to weaken or subvert free governments elsewhere in the world.

Therefore, I believe that the sale of this wheat is in the intelligent self-interest of the United States. The credit terms to facilitate this sale are of a normal commercial character. To withhold them is to block the sale, for no sufficient cause.

I commend the Committee on Banking and Currency for reporting the proposal

adversely, and I hope the Senate will uphold the decision of the committee.

Mr. MUNDT. Mr. President, I yield 10 minutes to the Senator from South Carolina [Mr. THURMOND].

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 10 minutes.

Mr. THURMOND. Mr. President, I rise in support of the bill, S. 2310, introduced by the distinguished senior Senator from South Dakota [Mr. MUNDT] to prohibit plans for the U.S.-financed Export-Import Bank to guarantee repayment of commercial loans made to the Soviet Union and Hungary so these two Communist countries will purchase wheat from our country.

There are any number of reasons, Mr. President, why we should not sell wheat to Communist countries, and especially not on credit. For one thing, Public Law 87-128 approved by the Congress in 1961 spells out the intention of the Congress that the United States should:

In no manner either subsidize the export, sell, or make available any subsidized agricultural commodity to any nations other than \* \* \* friendly nations.

Secondly, selling food to the Communists is giving direct assistance to our enemy, the forces of world communism. It is quite well understood, Mr. President, that any armed force of a nation must have three basic necessities in order to attain any degree of success in battle. An armed force must have food, clothing, and weapons. Therefore, Mr. President, food is a weapon of war—indeed, a very vital weapon of war.

We have heard many cries in support of the wheat deal with the Communists because there is a so-called humanitarian principle involved in keeping the Russian people from starving. Even if we provided this wheat to the Soviets for the purpose of feeding the Russian people, the Russian people would only get the leftover crumbs after the Communist elite, the rank and file Communist Party members, and the armed forces are fed—in that order, Mr. President. It is well known that the Communist leaders, who plan and control everything behind the Iron Curtain, always give the people what is left over after the Communists themselves and the armed forces are first provided for.

Actually, Mr. President, the Soviets have a large quantity of wheat stored for use in war, and the needs of the Russian people can be met from current harvests. What concerns the Communist leaders is how they can meet their wheat commitments to the satellite countries in order to keep them in their grip, and to neutrals under their foreign aid program, and still maintain their wartime stockpiles. The Communists have shown to the world that collectivization of farms does not work so well. They must use several times as many farmworkers to produce the same amount of a particular crop as our efficient, capitalist farming methods require in this country. In order to produce more to meet their commitments to their satellites and in their foreign aid wooing program, the Communists would be forced to pull back to the farms more workers now being

used in industry to manufacture armaments or in their armed forces because food, above all else, must be provided to the people behind the Iron Curtain if they are to be kept in slavery.

It should be mentioned that if there is any validity to the theory of fragmentation, which has been the guiding policy consideration in our foreign relations particularly with Yugoslavia, the proposed wheat deal would mitigate against the success of the fragmentation of the Soviet bloc. As has been pointed out, either our wheat will be transshipped to bloc countries, or the Soviets will use our wheat for their domestic requirements, and ship their own wheat to the bloc countries. This will increase the dependence of the bloc countries on Russia, greatly diminish the chances of the fragmentation of the bloc, and lessen the chances of a greater reliance by some of the satellites on the Western nations.

Why should we bail the Communist leaders out—and on credit, too?

Another reason why we should not sell this wheat to the Communists—and we might as well use the term "give" in place of "sell" if we are going to extend the Communists credit to buy the wheat—is that we will be letting down the many captives behind the Iron Curtain who have been willing to sabotage their own food supplies in order to wage the fight for freedom in one of the few ways they are able to battle their Communist masters. The grain harvest in the Soviet Union is sabotaged not only in the fields but likewise, and to a considerable degree, in transportation.

The following excerpts are from an article in the "Gudok"—the Whistle, a Soviet transportation news publication, dated September 17, 1963. It describes the grain-hauling trains at the Atkarsk and Balashov railroad stations. This is a typical article.

The losses of grain in transportation are not small at all. We visited trains that had arrived to Atkarsk. Grain was pouring out profusely from many cars. It was practically impossible to count them all. In train No. 2617, cars Nos. 139757, 1521454, 72959, and 526139, and in train No. 2631, cars Nos. 1463918, 521553, and 774616 were leaking. And we could list them like that on and on. A lot of grain was being lost.

We followed a grain path that led us to the grain elevator. There was the car No. 742559 with the large holes in its body and with broken doors. Several other cars had broken doors, too.

We asked the transportation supervisor of the flour mill, Sidorov, if the losses are really significant.

"Oh yes," he said; we missed more than 70 tons of grain in 195 cars that arrived recently."

We witnessed the arrival of a train from Pugachevsk and registered a shortage of 2,250 kilograms in car No. 1578724 and 4,400 kg in car No. 779067, and so on.

In 30 cars that arrived from Pugachevsk on 28 August, more than 62 tons of grain were missing. In car No. 140662, that came from Yershov, the loss exceeded 18 tons. The same type of cars arrived from Urbakh, Aleksandrov-Gay, Mokrou, Pitevka, and other stations.

I have outlined several basic reasons why our Government should not permit the sale or giving of wheat to Communist countries, for gold or otherwise.

On the question of extending credit to the Communist Governments of the Soviet Union and Hungary, I should like to outline several points which support the policy position set forth in the Mundt bill. I might point out here that the Mundt bill would not preclude the wheat sale but merely the guarantee by the Export-Import Bank of commercial loans to the countries which are in default to us on previous loans.

First, there is the question of whether the extension of credit to these countries is even lawful. The Johnson Act of 1934 specifically bars extension of credit to nations in default on their debts to our country. Yet, our Government is giving its assent for grain dealers and traders to sell wheat to these two Communist countries at a Government subsidy of approximately 60 cents per bushel. The grain dealers and traders do not want to accept Communist credit in exchange for the wheat, and neither do the commercial banks which have been asked to make the loans to the Communists. They simply do not have enough faith in the Communists to put their dollars on the line in exchange for a Communist promise to pay—and they have good reason to be wary of the Communists and the keeping of their word. So they have turned to the American taxpayer, who supplies the funds for the operation of the Export-Import Bank, and have asked him to guarantee the loans for them. If the present arrangements are permitted to go through, no one stands to lose his shirt except the American taxpayer.

Mr. President, I just do not understand why we cannot demand gold on the barrelhead, as it was generally understood initially that we would get, in exchange for the proposed wheat sale. After all, testimony presented in the Banking and Currency Committee states the Canadians have been getting a downpayment of 80 percent in gold on their wheat sales to the Communists. In fact, Mr. President, it has also been reported and recorded in the committee hearings that the Soviets have approximately \$9 billion in gold reserves.

In a recent column, the Allen-Scott report has stated that even the Canadians, who are getting such a large downpayment compared to us, are having difficulty collecting on the credit they have extended to the Chinese Communists.

As to the question of Communist reliability, in September 1962, the Defense Department issued a pamphlet stressing Communist statements and actions which prove that they cannot be trusted. Then, there are the Soviet debt obligations to the United States which have never been met. They owe us \$621 million in principal and interest from World War I, \$11 billion in lend lease aid during World War II, and \$205 million for assistance at the end of World War II.

In making a decision here today I hope that each Senator will ask himself two questions:

First, would I extend such a loan to a credit risk like Nikita Khrushchev who has vowed to "bury us"? and, second, even if I would, would my people back home agree to have the money taken from their own pockets for this purpose?

I think the answer would be a resounding "No" to each of these questions and presents the best reasons anyone could give for refusing to compound an already tragic mistake of providing our enemies with a vital weapon of war in these perilous times.

Mr. SPARKMAN. Mr. President, I yield 1 more minute to the Senator from South Carolina, and wish to have him answer a question.

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 1 additional minute.

Mr. THURMOND. I am glad to yield.

Mr. SPARKMAN. The Senator from South Carolina said that under the Canadian sale of wheat, Canada received 80 percent down, as compared with our 25 percent down, as proposed. I am sure the Senator from South Carolina understands that the terms agreed upon with the Canadians were the same as those in connection with our own proposed sale—namely, 25 percent down—but that when the settlement date came, Russia—of her own volition—paid 80 percent.

Mr. THURMOND. But that was in lieu of gold, and we are not to get that.

Mr. SPARKMAN. We shall not know what we shall be getting until the settlement date comes. The Soviet Union is required to pay 25 percent down. She may pay more if she wishes to do so. I should like to have the Record show that.

Mr. THURMOND. But unless the pending bill were passed, would not the U.S. taxpayers be guaranteeing a loan to the Soviet Union, through private banks, because our Export-Import Bank, which is owned by the U.S. Government, would back up the loan?

Mr. SPARKMAN. The Export-Import Bank would be guaranteeing the loan, but would be receiving a premium for doing so—for doing a regular insurance job.

Mr. THURMOND. Therefore, the U.S. taxpayers would be guaranteeing the loan, through their Government, would they not?

Mr. SPARKMAN. No. Five-eighths of 1 percent is paid by the private banks to the Export-Import Bank, and the interest charge is to be used to guarantee the loan.

Mr. THURMOND. But if the Export-Import Bank guarantees the loan—

Mr. SPARKMAN. But the private banks would be paying the premium—just as in the case of any insurance business.

At any rate, the time I have yielded to the Senator from South Carolina has expired; and I have promised to yield 3 minutes to the Senator from Maine [Mr. MUSKIE]. I now yield that time to him.

The PRESIDING OFFICER. The Senator from Maine is recognized for 3 minutes.

Mr. MUSKIE. I thank the Senator from Alabama for yielding to me.

Mr. President, the issue before us today is whether we shall permit private individuals to sell wheat or other commodities to Soviet bloc countries on normal commercial credit terms. S.

2310, with or without the Mundt amendment, would withdraw from commercial banks, active in world trade, the opportunity to use the Export-Import Bank guarantee program in commercial transactions with the Soviet Union and other Soviet bloc countries. It would, from all indications, kill the proposed sale of surplus wheat or other commodities to the Soviet bloc.

The first question we must ask ourselves is whether we consider the proposed sale of U.S. wheat and flour to the Soviet Union and East European countries as being in the best interests of the United States.

The following seem to me to be pertinent considerations:

First. We have wheat "running out of our ears"—wheat which we do not need. We have 1.2 billion bushels of surplus wheat in storage, for which we are paying millions of dollars a year in storage costs. This year's crop will be in excess of 1 billion bushels. This is nearly double our annual requirements.

Second. We have a balance-of-payments problem which imposes a severe drain upon our gold supply. A sale of wheat for dollars would help us ease this problem.

Third. Other countries in the West, including Canada and West Germany, among others, have sold wheat or wheat flour to the Soviet Union.

Fourth. In selling wheat to the Soviet bloc we would be exchanging wheat which we do not need for dollars which we do need.

On balance, therefore, it seems to me that it is in the national interest to have private traders sell wheat and wheat flour to the Soviet bloc for dollars—including either cash or short-term or medium-term commercial credit terms.

Yankee traders have always recognized that a trade is a two-way proposition. We do not make one unless there is an advantage in it for us. In this case, as I see it, the advantage to us more than offsets the fact that wheat sales will ease the current wheat shortage of the Soviet Union. I believe that the sale will point up, for all the world to see, the success of American agriculture, compared with the bankrupt Soviet agricultural system.

Moreover, as the First National City Bank of New York put it in its recent newsletter:

Trade among the nations, to mutual advantage, is a good way to keep rivalry on a peaceful basis.

The question raised by S. 2310 is the degree of risk involved in the negotiation of commercial credit arrangements with the Soviet Union and its allies.

It is clear that no one seriously questions the role of credit in international trade—except as it may involve the Soviet bloc. Credit is playing a larger role in international trade each year, as it is in our domestic economy. Our exporters are finding that without credit arrangements, they cannot compete with foreign operators. As a result, there has been a growth in the number of U.S. banks active in world trade.

In their trade financing transactions, our banks rely on the recently established Foreign Credit Insurance Associa-

tion, made up of over 70 private marine, casualty, and property insurance companies and the U.S. Government's Export-Import Bank, for insurance and guarantees. These devices serve to protect financial houses and exporters from the commercial and political risks inherent in foreign trade. They are comparable to Government owned or supported export guaranty institutions in other countries.

#### THE ROLE OF THE EXPORT-IMPORT BANK

The Export-Import Bank has served for more than 29 years as the Government's only agency dedicated solely to the financing of the foreign trade of the United States. Its present scope and form of organization date from 1945, when the law under which it now operates was enacted.

In performing its function of aiding and facilitating the foreign trade of the United States, the Bank finances or guarantees the payment of medium-term commercial export credits extended by exporters or commercial banks, and, in partnership with private insurance companies, offers short-term and medium-term export credit insurance.

It makes long-term loans to finance the purchase of U.S. equipment, goods, and related services for projects undertaken by private enterprises or governments abroad.

Emergency credits are also provided to assist other countries in maintaining the level of exports from the United States when they experience temporary balance-of-payments difficulties.

Mindful of the expressed desire of the Congress and in full accord with the American emphasis on private enterprise, the Bank avoids competing with private capital, and seeks private participation in its loans. It lends and guarantees only where it finds reasonable assurance of repayment.

The matter of export credit guarantees is of critical concern to American exporters and, in effect, to our free enterprise system. These must be available, or our exporters are simply precluded from competing with foreign trade interests. Without these guarantees in normal foreign trade channels, we leave the field to foreign merchants, and our system of free enterprise suffers.

I quote from the "final report of the Committee on Commerce of the U.S. Senate, prepared by its special staff on the study of U.S. foreign commerce, pursuant to Senate Resolution 243, 86th Congress" and printed on June 26, 1961—page 218:

None of the competitive factors confronting the American exporters in foreign markets is more crucial than his ability to offer his product on attractive credit terms. Very often this makes the difference between closing a transaction and losing the business to a competitor in another country.

In its interim report in April 1960, the committee's foreign commerce study staff analyzed this problem in terms which bear repeating here:

Considerable confusion appears to have arisen from the failure to distinguish clearly between export credit, or financing, and export credit guarantees, which are essentially a form of insurance. The distinction is graphically illustrated by the fact that the

two functions are separately performed domestically by banking institutions on the one hand and insurance institutions on the other. Traditionally, the commercial banking function is concerned with the extension of loans at prescribed interest rates to individual borrowers in specific cases; the insurance function is to protect the insured against loss from any one of a variety of causes in return for a premium. This basic difference in purpose suggests an equally basic difference between banks and insurance companies both in psychology and in administration; and the difference should be taken into account in considering the establishment of improved export credit guarantee facilities.

Once the distinction has been clearly drawn, however, the dilemma of the American exporter is evident. Stated briefly, and at some risk of oversimplification, it is this: In order to compete with producers in Western Europe and Japan, the U.S. producer must offer his overseas customer payment terms as favorable as those offered by his competitors. In order to do so, he must be able to finance his export transactions. But because of certain hazards peculiar to the export trade, primarily of a political nature, commercial banks are often disinclined to accommodate him. For the same reason, most domestic insurance companies will not assume the risk on such transactions.

In most countries of Western Europe and Japan these export risks are met through a relatively simple system of guarantees under which the exporter is, in effect, insured by a government or government-backed institution against loss on his export sales. Armed with this insurance, he can obtain financing in normal commercial channels with a minimum of delay.

In the United States, the Export-Import Bank is the only institution corresponding to the government or quasi-government export guarantee institutions of other countries.

It should be noted that European nations have found in commercial transactions with the Soviet bloc there has been no problem on repayments. A check with English, French, and West German credit institutions reveals not one default on a trade credit transaction with the Soviet bloc.

This is not a case of relying on good faith; it is a situation in which the Soviets realize they must meet their obligations or else be cut off from western trade.

It is a fact that the Soviet Union always has tried to evade normal trade negotiations and contracts. It is also a fact that in the proposed wheat transactions, the Soviet Union has been backed into a corner by the United States and other free world nations. We have insisted that they meet conditions established by us, and enter into contractual arrangements that are the essence of free enterprise.

Shipments of grain to the Soviet Union, and to other East European countries, will be handled by the private grain trade on a normal commercial sales basis.

The Soviet Union is not being given any special consideration; there is no exception to the rule on these contractual arrangements.

In fact, the conditions announced by President Kennedy for the granting of export licenses to ship the grain are far more rigid and more rigorous than arrangements made with other nations for agricultural commodities. The Presi-

dent announced that 25 percent of the total cost would be in cash—the same as for the arrangement entered into by Canada. Recent terms on cotton exports to Austria, to Hong Kong, and to Japan—with 18 months terms to Austria, 12 months to Japan, and 12 months to Hong Kong—required no cash at all.

The PRESIDING OFFICER. The time yielded to the Senator from Maine has expired.

Mr. SPARKMAN. Mr. President, I yield 2 additional minutes to the Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine is recognized for 2 more minutes.

Mr. MUSKIE. I thank the Senator from Alabama.

Mr. President, the wheat deal, like all trade, is a two-way street. The advantages flow both ways. From our point of view there is an advantage worth getting.

The credit terms we are talking about, including the guarantees, are normal in international commercial transaction. The experience of other Western countries indicates that the extension of such terms to the Soviets is justified by their credit record.

More important than any of these considerations, valid as they may be, is the part this transaction may play in the policy toward the Soviet Union which was so eloquently stated by President Kennedy in his address at the University of Maine, on October 19, 1963, from which I quote:

The United States and the Soviet Union still have wholly different concepts of the world, its freedom and its future. We still have wholly different views on so-called wars of liberation and the use of subversion. And so long as these basic differences continue, they cannot and should not be concealed; they set limits to the possibilities of agreement; and they will give rise to further crises, large and small, in the months and years ahead, both in areas of direct confrontation—such as Germany and the Caribbean—and in areas where events beyond our control could involve us both—areas such as Africa, Asia, and the Middle East.

In times such as these, therefore, there is nothing inconsistent about signing an atmospheric nuclear test ban, on the one hand, and testing underground on the other; about being willing to sell to the Soviets our surplus wheat while refusing to sell strategic items; about probing their interest in a joint lunar landing while making a major effort to master this new environment; or about exploring the possibilities of disarmament while maintaining our stockpile of armaments. For all of these moves, and all other elements of American and allied policy toward the Soviet Union, are directed at a single, comprehensive goal—namely, convincing the Soviet leaders that it is dangerous for them to engage in direct or indirect aggression, futile for them to attempt to impose their will and their system on other unwilling peoples, and beneficial to them, as well as all the world, to join in the achievement of a genuine and enforceable peace.

While the road to that peace is long and hard, and full of traps and pitfalls, that is no reason not to take each step we can safely take. It is in our national self-interest to ban nuclear testing in the atmosphere so that all our citizens can breathe easier.

It is in our national self-interest to sell surplus wheat in storage to feed Russians and

Eastern Europeans who are willing to divert large portions of their limited foreign exchange reserves away from the implements of war. It is in our national self-interest to keep weapons of mass destruction out of outer space—to maintain an emergency communications link with Moscow—and to substitute joint and peaceful exploration for cold war exploitation in the Antarctic and in outer space.

No one of these small advances, nor all of them taken together, can be interpreted as meaning that the Soviets are abandoning their basic aims and ambitions. Nor should any future, less friendly Soviet action—whether it is a stoppage on the autobahn, or a veto in the U.N., or a spy in our midst, or new trouble elsewhere—cause us to regret the steps we have taken. Even if those steps themselves should be undone—by the violation or renunciation of the test ban treaty, for example, or by a decision to decline American wheat—there would still be no reason to regret the fact that this Nation had made every reasonable effort to improve relations.

For without our making such an effort, we could not maintain the leadership and respect of the free world. Without our making such an effort, we could not convince our adversaries that war was not in their interest. And without our making such an effort, we could never, in case of war, satisfy our own hearts and minds that we had done all that could be done to avoid that holocaust of endless death and destruction.

Mr. President, I submit that to carry out the spirit of that policy, S. 2310 should be defeated.

Mr. SPARKMAN. Mr. President, I yield 10 minutes to the Senator from Iowa [Mr. MILLER].

The PRESIDING OFFICER. The Senator from Iowa is recognized for 10 minutes.

Mr. MILLER. I thank the Senator from Alabama.

Mr. President, I intend to support the pending bill, S. 2310. This bill merely provides that neither the Export-Import Bank nor any other agency of the Federal Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of any product by such country, agency, or national. "Communist country" includes the Soviet Union, Red China, the various so-called bloc nations, including Yugoslavia, Poland, Hungary, and Cuba.

The reason for the bill is that without its enactment the administration proposes to permit the Export-Import Bank to make such guarantees in connection with the sale of wheat and other surplus agricultural commodities to the Soviet Union and other bloc nations. The bank now has authority to do this, although it is not required to do so. It proposes to do so unless Congress changes the law.

The entire point is whether the taxpayers of the United States, who would pay the taxes needed to cover any losses on guarantees made by the Bank, should have to bear the burden of taxation to cover losses which might result from default on the part of Communist countries, agencies, or nationals.

It is understood that the Bank charges fees to commercial banks and others wishing to discount their commercial paper with the Bank and that in the normal course of business, these fees have enabled the Bank to operate on a self-supporting basis, and also have enabled the Bank to show a profit. No one has any quarrel with this. But if there were to be any large defaulting on loans guaranteed by the Export-Import Bank, the reserves accumulated by the Bank would be diminished, the funds returned by the Bank to the Treasury would be that much smaller, and the U.S. taxpayers would have to make up the difference. So the policy question before the Senate is whether the law should be changed in order to make sure that this does not happen when such a default arises from a Communist country.

Mr. McGOVERN. Mr. President, will the Senator from Iowa yield?

Mr. MILLER. I shall be happy to yield if, when I have concluded my remarks, there is left to me time in which to yield.

Mr. President, I think the law should be so changed. There is no valid reason for permitting Communist nations exactly the same credit terms as non-Communist nations, so far as our Federal Government and our taxpayers are concerned. If it is suggested that failure by our taxpayers to underwrite the Export-Import Bank, so that it will guarantee the credit of Communist countries, agencies, or nationals, will mean that the United States will lose out to its competing allies who are willing to guarantee credit for the benefit of its commercial trade, there are three answers: First, the Soviet Union, which promises to be the principal purchaser of surplus wheat, does not need credit. She has plenty of gold to pay for it without any credit at all; second, such being the case, if she needs our surplus commodities, she will be willing to pay spot cash for them—particularly if normal discount for cash rather than credit terms are extended; third, our Government should be willing to protect its commercial trade by putting adequate pressure on our competing allies to eliminate this feature of competition—if indeed it must be eliminated in order to protect our commercial trade.

Let us not fool ourselves into thinking that the problem before us is merely a simple one of insurance. If one wishes to use the term "insurance", let us put it in the precise context: insurance, with stockholders—our taxpayers—bearing the risk of liability for defalcation by Communists—by risks who think that lying, cheating, and stealing are perfectly proper weapons to use; by risks from a Government which shows its contempt for our efforts to ease tensions by repeated incidents on the autobahn, by the arrest of Professor Barghoorn, by a closed-skies policy. This kind of insurance situation does not sound "as American as apple pie" to me, although one of our colleagues so described it.

Nor does it satisfy the situation that any particular Communist country has not defaulted in its previous credit transactions with American businessmen.

This might be grounds for private business trade to extend credit, but it still is not sufficient to warrant the American taxpayer underwriting a transaction—because there can always be a first time, when and if it suits the purpose of the Communists, for defaulting deliberately and in line with Communist expediency.

Nor does it satisfy the argument by pointing out that the Export-Import Bank has several hundred millions of dollars in undivided profits that have been placed in reserve to take care of defaults. The answer to that is to have these profits used to reduce the fees charged by the Export-Import Bank, or to return some of that money to the Treasury to help reduce our deficit situation, and not to run the risk of its diminution by underwriting sales made on credit to Communist nations.

To logically extend the arguments of some who have opposed the Mundt bill would find us engaging in trade—on credit—with Red China. Perhaps this might be good business—if the dollar, gold, and profits are all that should be considered. I doubt that it is sound politically or morally, and the fact that the British see fit to trade with Red China does not make it any less despicable. It may be expedient to separate commercial policies from political policies, but that does not make it right. There are other considerations that enter in, and it is not easy to strike a balance between the pluses and the minuses. However, as far as I am concerned, I believe the minuses outweigh any pluses in trading with Red China.

I happen to have been one of the Members of the Senate who expressed the view that the pluses outweighed the minuses in selling surplus wheat to Russia and other bloc nations. But I made very clear that my opinion was premised on the understanding that the sales would be at the world price, for hard dollars. The American people were so led to believe. There was nothing ever said about credit being extended to Russia which would be guaranteed by the Export-Import Bank.

We are told we do not know whether sales are on or off. But we are told Russia needs wheat. If so, then she ought to be willing to pay cash or gold.

Indeed, if she needs flour, one wonders why we do not approve sales of flour so that our milling businesses will obtain the benefits instead of letting millers in the Soviet Union have it.

When and if the Communist leaders cease and desist from the cold war, we can then consider guaranteeing credit for their purchases—but not before.

Mr. President, I hope that the bill will be passed.

I am glad to yield to the Senator from South Dakota.

Mr. McGOVERN. The Senator from Iowa has stressed the hazards to the American taxpayer involved in credit sales to the Soviet Union. I have some comment to make on the hazards involved. There is another side to this question on which I should like to hear the comment of the Senator from Iowa. There is a letter from the Acting Secretary of Agriculture, Mr. Charles Murphy,

which is printed on page 5 of the hearings, in which he makes the statement:

If sales of 4 million tons of wheat to Soviet bloc countries are consummated, U.S. budget expenditures will be reduced by approximately a quarter of a billion dollars in fiscal years 1964 and 1965 by reason of receipts from sale of Government-held wheat and savings in storage and other carrying charges.

It seems to me that far from damaging the American taxpayer, if we can take a quarter of a billion of dollars from the backs of the taxpayers and improve our budget position by that amount, the proposal would be a good break for the taxpayer.

In addition, I believe that a good many taxpayers are concerned about the flight of American gold. We are going to get 25 percent of the deal in gold at the start. That we know we have. The question is, What about the balance? Is the proposal a good credit risk? The entire history of Soviet Union dealings with the West would lead one to believe that it is a good credit risk. The British say they have never lost a shilling in their trade with the Soviet bloc. Countries in Western Europe have had the same experience.

I believe that on both counts the Senator is making a rather thin case in the interest of the American taxpayers when he forecloses this possibility.

The PRESIDING OFFICER. The time of the Senator from Iowa has expired.

Mr. MILLER. Mr. President, will the Senator yield me 3 minutes to respond to the Senator from South Dakota?

Mr. MUNDT. I yield.

Mr. MILLER. I regret to say that the figures of savings to taxpayers are overstated. If the Senator will be good enough to refer to my statement in the RECORD of November 15, 1963, starting on page 21944, he will find figures that represent savings to taxpayers.

Second, I have stated that I joined many other Senators, including the Senator from South Dakota, in saying that the pluses outweigh the minuses in connection with the proposed wheat sale, for the very reason the Senator sets forth, although I say that the taxpayers' savings would not be so great as those to which the Senator from South Dakota referred, but there is no argument on it.

I should like to ask the Senator from South Dakota the following question:

If the Senator says that the Soviet Union has a fine record as far as the British are concerned, let me suggest to him that Red China has a good record so far as the British are concerned, too. Therefore, would the Senator conclude that we should engage in trade with Red China?

Mr. McGOVERN. The Senator knows that transactions with Red China are not at issue in the bill.

Mr. MILLER. No, but the argument follows.

Mr. McGOVERN. The argument may follow. Perhaps someday we shall have to face that issue; but that is not what we are discussing at the present moment.

Mr. MILLER. The Senator from South Dakota has argued before that the British have a good record of credit transactions with the Soviet bloc, and that therefore we should do the same thing. If that is the only basis for the argument, we might as well engage in trade with Red China.

Mr. McGOVERN. That is not the issue we are faced with.

Mr. MILLER. The Senator and I have engaged in an analysis of our views, but I do not like to use specious arguments to support them.

Mr. McGOVERN. I do not believe it is a specious argument when we point out that there will be substantial savings to the American taxpayer, who is now carrying the load of these surplus stocks.

Mr. MILLER. It is not a specious argument. I use that myself.

The PRESIDING OFFICER. The time of the Senator from Iowa has expired.

The Chair inquires of the Senators in charge of the bill as to who yields time?

Mr. MUNDT. Mr. President, I yield 15 minutes to the distinguished Senator from Nebraska [Mr. HRUSKA] and announce to the Senate that this will probably be the next to the last speech. I believe Senators would like to know that so that they can plan accordingly.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MUNDT. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER (Mr. WALTERS in the chair). Without objection, it is so ordered.

Mr. MUNDT. Mr. President, I ask that the Senator from Nebraska be recognized for 15 minutes.

The PRESIDING OFFICER. The Senator from Nebraska [Mr. HRUSKA] is recognized for 15 minutes.

Mr. HRUSKA. Mr. President, I rise in support of the bill introduced by the Senator from South Dakota. It is my intention to vote for it.

The issue which the Senate is deciding in voting for or against the bill is not whether there will be a sale of wheat to Russia. The issue is whether to convert a private sale into a government-to-government sale. That conversion is attempted by way of having the Export-Import Bank, a Government agency, guarantee the transaction whereby private merchants will be selling grain to the Government of Russia.

The support for this transaction and the opposition to the bill are based upon a number of misconceptions.

I refer to the telegram which was placed in the RECORD by my colleague from Nebraska [Mr. CURTIS], from the president of the National Association of Wheatgrowers. It states in part:

We are now holding our State wheat association conventions. Of those held to date all have approved the sale of wheat to Russia and satellite countries as outlined by the President.

In a later part of the telegram, it is stated:

It is furthermore generally agreed the sale of wheat to Russia will not enhance the cause of world communism but will be feeding hungry people and using their gold for food rather than war materiel.

Other arguments were raised. An argument was made a short while ago that it is not fitting for this body to be niggling; that we should not try to wriggle out of a commitment which has been made; that we should not assert a veto over what our President has said and done.

I believe a brief review of what we are discussing will serve some purpose. I believe the RECORD will show that there has been a curious evolution of this transaction.

I ask Senators to consider that it had, in its original form, three restrictions or three component elements—first, that it would be a cash transaction; second, that there would be shipment of the wheat in American vessels; and, third, that there would be no transshipment of the wheat, but that it would be limited for delivery and use to the Soviet Union and Eastern Europe.

Every one of these three component elements has been completely abandoned or reversed in its direction.

I speak advisedly when I speak in favor of the bill. I come from a State which produces a great deal of wheat. It is quality wheat. No other Senator is more possessed by the idea that we should devise some means of disposing of our surplus stocks so that wheat will not continue to pile up and result in ever increasing expense to the Government and the taxpayers.

On the other hand, it is necessary to analyze the long-range results of this proposed sale. We should not be taken in by the argument that we shall have a temporary tangible advantage, one that we can see, with a definite promise of a reduction in our budget next year of \$200 million; and, therefore, that the bill should be rejected.

What about the restrictions imposed on the transaction? What about the requirement that it be a cash transaction, and the other component elements?

The question of the use of American vessels would not be affected by passage of this bill. Neither would the possibility of transshipment of the wheat to a different destination from the destination specified in the original shipping orders. The one component element of the original transaction which is at issue at this time is whether or not this is to be a cash sale, for dollars or gold.

In the original official statement which was made on October 9, it was announced that sales by private dealers for American dollars or gold, either cash on delivery or on normal commercial terms, would not be prohibited. The official announcement then stated that—

The Commodity Credit Corporation in the Department of Agriculture will sell to our private grain traders the amount necessary to replace the grain used to fulfill these requirements; and the Department of Commerce will grant export licenses for their

sale, with the commitment that these commodities are for delivery to and use in the Soviet Union and Eastern Europe only.

We know that that conception has been completely thrown out the window. Earlier in October Russia consummated a purchase of wheat from Canada, and the very first shipload of that purchase left the shores of Canada on October 6 destined for Cuba, where the cargo was discharged.

What does that mean? Because that cargo was sent elsewhere and not to Russia, and only because of that fact, any wheat we sell from the United States of America will be retained in Russia. Retained in Russia for what? To feed hungry, starving people? Not at all. There is no such humanitarian purpose of that kind anywhere in this transaction, because the wheat will not be used to feed any of the Russians. It will be used, as the record now plainly and incontrovertibly shows, to replace the wheat sent elsewhere. In other words, it will be used for the purpose of enabling Russia to fulfill her export requirements. That is what she will be doing.

On October 9, when the first official announcement was made of this transaction, a question arose as to whether this was a government-to-government transaction or a private transaction. I wish to read now from a transcript of the press conference which was held. A question was asked as to whether there had been an official ruling that giving commercial credits to Russia would not violate the Johnson Act. The answer was:

Yes, that is correct, because it is not a government-to-government transaction.

The next question was:

It is not a government-to-government?

The answer was:

It is not a government-to-government. These are private traders that will be involved and the credit will be granted by banks.

Another question was:

Will the grain dealers take the risk, then?

The answer was:

The grain dealers will take the risk with the private banks.

When we receive telegrams saying, "Please vote in favor of a measure that will permit the President's plan to sell wheat to Russia," which plan is referred to? Is it the plan which was originally described and originally conceived and which, except for the alertness and articulateness of the Senator from South Dakota, would have remained the public image of this transaction? We know now that that is not the fact. It is now proposed to make of it a government-to-government transaction, because the sales by the individual traders are to be financed by private banks, and those private sales are then to be guaranteed by the Export-Import Bank, which is owned in part by everyone in this Chamber and by 190 million other people in America, because it is Government-owned.

This is a government-to-government operation as of now, and there is no question about it.

When the decision was made to grant export licenses to the dealers who will sell this grain to Russia, we witnessed a new trade policy between Russia and America. For the past 20 years, we have pursued a policy of very restricted and limited trade between America and Russia. The most lucid presentation of this policy was made on October 2, on the floor of the Senate, when the Senator from Kentucky [Mr. COOPER] undertook to describe the several laws which led him to that conclusion. I read in part from his remarks:

For I do not think it can be contradicted that it has been for many years, and is now, the declared policy of the Congress—a policy which the executive branch of the Government has observed and in which it must be assumed the executive branch concurred—that trade between the United States and the Soviet Union and Communist-dominated countries should not be carried on except under very limited circumstances.

That is the fact. He then proceeded to enumerate the Johnson Act of 1934, the Battle Act of 1951, the Export Control Act of 1949, the Latta amendment to the Agricultural Act of 1961, and a host of other Acts.

If there is to be a revision and reversal of the policy, it should be done with due and deliberate consideration, through the proper channels.

It should not be done by operations that nibble; not by procedures that erode, paragraph by paragraph. It should be done by the same source that fashioned the national policy; namely, the Congress of the United States. Members of the Congress represent the people. They are the closest to the people, and they are the ones who should refashion that policy, if anyone is to do it.

Mr. David Lawrence is generally considered as one of the most able commentators on the political scene. I believe it is generally felt that he has a "feel" for the people and the reaction and the necessity or opportunity for decision by the people. I should like to read from one of his editorials, which appears on page 221 of the committee hearings:

If the American people were asked to vote in a referendum as to whether they would like to see the U.S. Government lend money to the Soviet Union to buy wheat—which, in turn, could make possible the shipment of Russian grain to Red China or Cuba—it can hardly be doubted that the verdict of the electorate would be overwhelmingly in the negative.

He continues:

The Congress of the United States today is considering whether or not to pass a law prohibiting the Export-Import Bank—a U.S. Government agency—from guaranteeing the recently proposed transactions for the purchase of wheat by the Soviet Union. So the people's representatives will soon have an opportunity to approve or disapprove the measure.

This is the way of background, because that is not the issue before the Senate today. The issue is whether or not the Senate, by its vote today, will convert what has been represented as a private transaction into a government-to-government transaction. That is precisely what we shall be doing.

From time to time the question has been raised, "Is there anything good in this for the United States? Is there anything by way of a quarter of a billion dollars that will be reflected in reduced expenditures next year for the Agriculture Department budget if the proposed deal with the Russians is consummated?"

There are a number of considerations when we try to ascertain whether there is such a thing as a benefit to the United States. One benefit would be money. Another would be political reasons. Another would be the long-range viewpoint.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MUNDT. I yield 5 additional minutes to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator is recognized for 5 additional minutes.

Mr. HRUSKA. The transaction we are concerned with is vital to the Soviet Union for two reasons. One is the stability of their agricultural system itself, for over many years that system has failed to deliver goods so far as the Soviet consumer is concerned. Yet to the political leadership, the collective system is essential.

The second reason is that the importation of wheat is necessary to the Soviet Union in order to meet its grain export commitments. These commitments are important to the political leadership of the Soviet Union for political reasons.

The advantage to the United States from rejecting the deal is simply this—the deprivation to the Soviet Union of things that are of value to it.

Is it advantageous to the United States that we go through with this deal? I listen and I read about the possible gain of \$250 million with some amazement, with some disbelief that the thinking processes of people would stop immediately when a pretended, short-range profit might be realized.

Consider, in the first place, that it would be a transaction by which the Soviet Union would reap a profit; that it would not only get the \$250 million back, together with the interest the Soviet Union will pay us, if she pays the debt, but she will make a profit on the wheat. We shall be enabling an arch enemy to make a profit in gold on that wheat.

Is that advantageous to us?

Let us remember that that arch enemy is the same country that has promised to bury us. It is the same country that has forced us to spend more than \$1 billion a week for every week in the year to maintain a military posture and a defense posture so that the Soviet Union will not be able to conduct those burial services.

Only 2 weeks ago we approved in the Senate an authorization bill for further foreign aid of \$3½ billion, rounding out in excess of \$100 billion for that purpose.

Here we look at a paltry—relatively speaking—\$250 million, rubbing our hands with great glee and saying, "Oh my, what a fine thing this is, that we will recover a quarter of a billion dollars from this sale of wheat."

Events should be put in their perspective. What else will it lead to? We get into the field not only of wheat, but of wheat flour, soybeans, and soybean oil. Now we are getting into the export of alcohol. What else will we do?

It has been our constant effort to dissuade our allies from trading with Cuba and Red China. What warrant will we have then to say that? If we engage in trade with Red Russia, what warrant will we have for saying to Japan, "Do not trade with Red China. It is all right for us to trade with Red Russia, but do not trade with Red China, because they are a bunch of cutthroats. They have prisoners of ours."

Russia is waiting for the time when she can do the same and make it stick. She is probing sore spots every time she can, in order to find out if she can get away with it. Thank goodness that October 22 of last year she was not permitted to get away with something in Cuba.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HRUSKA. May I have 3 more minutes?

Mr. MUNDT. I yield 3 additional minutes to the Senator from Nebraska.

Mr. HRUSKA. President, to get back to the question of whether or not we are trying to wiggle out of something on this proposal. I ask, which proposal? Is it the proposal which was originally made, or the proposal as it was in its second, third, or fourth form, or the proposal in the final form?

Some people say they would not find it surprising if this kind of proposal leads ultimately to foreign aid to the Communist countries. That may be said facetiously. Nevertheless, it has been broached.

I ask unanimous consent that there be printed at the close of my remarks, an editorial from the Stockman's Journal of November 20, 1963, entitled "Second Thoughts on Wheat Deals."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HRUSKA. Mr. President, people throughout the country, as well as Senators, are very much concerned about the huge surpluses, and about means of getting rid of them. I do not believe in cutting off the advantages of maintaining our powder dry, and in succumbing to the temptation of a quick buck, however attractive it might be.

The amount of wheat involved is less than 10 percent of the regular yearly production of Russian wheat. Therefore I do not believe there is much chance of their reaching the point where we would be depriving them of what is necessary for their people.

Is wheat a strategic material? If it is not, why is it that the Government of Russia maintains such a huge reserve of wheat for war purposes? The answer is obvious. It is obvious, that if it were not strategic, they would dip into their military war reserves to meet their requirements, in order to feed their people if they were hungry. The reason

that they are not doing it is plain. It is that the wheat is a strategic commodity in the military sense.

#### EXHIBIT 1

[From the Stockman's Journal, Nov. 20, 1962]

#### SECOND THOUGHTS ON WHEAT DEALS

Even though the President has expressed nominal willingness by the United States to sell wheat to the Soviets, many Americans continue to wrestle with their consciences over the question of whether we should trade with the Communists, whose sworn aim is to destroy us. Cleavage on the question is sharp.

Some who favor dealing with the Soviets look upon it as a humanitarian matter—we are blessed with abundance and Russia has been shorted by unfortunate circumstances and bad weather, thus we are called upon to share our surplus on moralistic grounds. Others take refuge in the coldblooded economic approach, reasoning that Russia needs our wheat, we need their gold, so it's good business all around.

Although these arguments have sold many of us in the first heat of discussion, there are some deeper second thoughts coming to the surface.

For example, it is now considered doubtful that the humanitarian angle is at all valid. The Russian people are not starving and, in fact, are not even seriously short of flour, although the Kremlin has ordered them to cut waste and start conserving. Thus it hardly seems consistent that we should be called upon to sell them wheat on humanitarian grounds when we did not even consider selling wheat to the Communist Chinese when people in that country were starving by the millions.

The truth is that if the Russian people are not well fed, it is because their Government made the choices which led to that condition. Russian agriculture is in trouble basically, not because of bad weather, but because of the Communist system and the fact that the Red rulers placed a higher priority on industrialization and the production of weapons of war designed to destroy their enemies than on the production of food and comforts for the people. They chose deliberately to chance food shortages and hardship, and now that they have lost the gamble, they are trying to buy their way out of trouble. It is acknowledged that even if all of the have nations were to refuse to sell wheat to Russia, there would be no starvation there, although some foods might become extremely scarce and the people would become extremely unhappy with the Soviet Government.

As to the economic angle, there seems reason to doubt that we would benefit to any appreciable degree from dealing with the Soviets, all things considered. The small economic gain involved could shrivel quickly to nothing in the face of political gains to be achieved by the Soviets in dealing with us. Zbigniew Brzezinski, director of the Research Institute on Communist Affairs and professor of public law and government at Columbia University, reminded us recently in an article in the Washington Post that there can be "no separation of economic and political deals with the Soviets."

"To the Soviets," he wrote, "the wheat deal is political because two very vital Soviet political interests are involved. The first is the stability of the collective agricultural system itself. Over many years, that system has failed to deliver the goods, at least insofar as the Soviet consumer is concerned. Yet to the political leadership, the collective system is essential."

A recent reevaluation of the Stalinist drive for collectivization states that the collectivist system is necessary in order to build socialism in the Soviet Union and for defense of the country, Brzezinski noted. Mounting consumer dissatisfaction with the inability

of the present agricultural system to produce adequately might, over the long haul, force the Soviet leaders to revise the agricultural system. However, if the Soviet leadership finds other means of meeting domestic needs, i.e., imports paid for with gold, it can perpetuate the collective system.

Mr. Brezezinski suggests that this, in itself, may not be reason enough for us to forgo whatever economic gain there is in trading with the Reds. His point—a good one, we feel—is that if we do go through with the Soviet wheat deal, we should do so with our eyes wide open and with no illusions as to Soviet motivations in the situation. Categorically, it might be said in this connection that the Reds have more to gain through such deals than we do, hence it does not make sense for us to be offering compromises or concessions to them in the wheat trade, or any other trade.

For years we have been hearing that food is a weapon in the cold war. The fact that the Soviets are out buying food in the world markets strengthens this assertion immeasurably. We ought to paste the slogan in our hats and keep it uppermost in mind when we undertake any dealings these days with the man who has vowed to bury us.

#### AN INVESTIGATION INTO THE CIRCUMSTANCES SURROUNDING THE ASSASSINATION OF PRESIDENT KENNEDY

Mr. DIRKSEN. Mr. President, will the Senator yield me 5 minutes?

Mr. SPARKMAN. I yield 5 minutes to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, I am sure that every senatorial office has been fairly inundated with telegrams and letters suggesting an investigation into all the circumstances surrounding the assassination of the late, beloved President of the United States.

Moreover, there were a half dozen letters on my desk from Members of the House of Representatives who are undertaking something in that field. I have been conferring with the distinguished chairman of the Committee on the Judiciary, the Senator from Mississippi [Mr. EASTLAND] and other members of the committee. We are of the opinion that under section 134(a) and section 136 of the Legislative Reorganization Act, and also under Rule XXV of the Senate, the proper place for that investigation to be undertaken is in the Judiciary Committee of the Senate. It would make a full investigation of the entire subject surrounding the circumstances of the assassination of the President and the murder of Lee Harvey Oswald, and of the motivations and the amount of advance planning that might have gone into these matters; and whether they are tied up with any organizations which are controlled or dominated from without or from within.

I need to make no further statement, because the authority under the rule is quite clear.

It is our belief that such an investigation should begin at once. I do not believe a special resolution is required in order to clothe the Judiciary Committee with that power.

I wished to make this brief statement to establish in the minds of the people of the country that the matter is not being forgotten; nor is the investigation being delayed.

Mr. STENNIS. Mr. President, will the Senator yield me a few minutes?

Mr. SPARKMAN. I yield 4 minutes to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I thank the Senator from Alabama. I have been concerned with the fact that there is no Federal statute making it a crime to commit an assault against the President of the United States. There being no such statute in the Federal Code, and no direct, primary control of an investigation of this matter, I wish to address myself briefly to that point, as well as to an investigation of all the circumstances.

There should be a full, complete, objective, and unbiased examination of all the facts by an appropriate committee of Congress, regarding all the tragic events of the past weekend, which involved the life of the President of the United States. Such an inquiry should commence with thorough and exhaustive staff work, which should be followed by extensive hearings for the purpose of developing all the pertinent facts and revealing the entire unhappy story.

I believe that the Judiciary Committee of the Senate is the proper body to undertake this investigation.

Further, the committee should go into all the details of the President's assassination and its aftermath, and should also explore all the tragic background and actions and motivation of Lee Harvey Oswald, the alleged assassin of the President, and his inexcusable slaying in the Dallas jail itself.

I commend the chairman and members of the Committee on the Judiciary, who acted so promptly and diligently in introducing a bill proposing to make it a Federal offense to assault the Chief Executive of the United States. The necessity for such legislation was made clear last Friday. If such a law had then been on the books, Federal authorities could and would have taken over the investigation. They would then have been in a position to develop the facts and the sum of the evidence in an orderly, logical, and scientific manner and to make the entire story available to the American people at the proper time.

The bill which has been introduced on this subject will have my wholehearted support, and I hope that it will be promptly enacted into law.

The supreme national interests of the people require a thorough inquiry into the disgraceful events of the last few days by Congress itself.

Mr. President, I ask unanimous consent to insert an editorial from the New York Times at this point entitled "The Whole Truth."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 26, 1963]

#### THE WHOLE TRUTH

The full story of the assassination and its stunning sequel must be placed before the American people and the world in a responsible way by a responsible source of the U.S. Government.

This is a national matter, not one merely for the police of Dallas. We must be told, after a thorough investigation, all the evidence about Lee Harvey Oswald, the accused

assassin. We must be told about his motives, about his past activities and travels, about his organizational affiliations, about what branches of government his life touched, about whatever knowledge the local police and the FBI had of Oswald—before and after the shooting by and of the accused.

We must be told all the facts about Jack Ruby's killing of Oswald. President Johnson has rightly directed the FBI to look into "every aspect" of this disgraceful shooting right in the Dallas jail. And we must be told how and why rifles and revolvers can be bought and concealed so easily in this country.

The killing of the accused assassin does not close the books on the case. In fact, it raises questions which must be answered if we are ever to fathom the depths of the President's terrible death and its aftermath. An objective Federal commission, if necessary, with Members of Congress included, must be appraised of all and tell us all. Much as we would like to obliterate from memory the most disgraceful weekend in our history, a clear explanation must be forthcoming. Not in a spirit of vengeance, not to cover up, but for the sake of information and justice and to restore respect for law.

Mr. STENNIS. I thank the Senator for yielding to me.

Mr. KEATING. Mr. President, will the Senator yield me 1 minute?

Mr. SPARKMAN. I yield 1 minute to the Senator from New York.

Mr. KEATING. I am glad that the Senator has made this statement. As the distinguished minority leader stated, he has conferred, as has the chairman of the committee, with a number of members of the Judiciary Committee. I believe that the public is asking for a responsible investigation of this subject by an appropriate congressional committee. There are many unanswered questions for which we must all seek replies, not only to satisfy ourselves as to the facts of this tragedy but also to prevent—if we can—the recurrence of such an act. All these matters should be gone into by one of our committees. In my judgment, the Judiciary Committee is the appropriate body to take up such a matter. I hope we can proceed promptly and with proper recognition of our deep responsibility to the Nation.

Mr. STENNIS. Mr. President, I heartily agree with what the Senator has said. It should be an investigation away from the glamor and glare which ordinarily accompany such an investigation. It should be done primarily by the staff. Then the essential witnesses should testify under oath. All of it should be handled without any show, pretense, headlines, TV lights, and so forth.

Mr. KEATING. I agree with the Senator.

Mr. SPARKMAN. I wish to take merely 1 minute to endorse particularly the last statement of the Senator from Mississippi. I do not know whether it is true, but I have heard it said that the reason for not moving Oswald in the daytime was that the authorities at Dallas were trying to accommodate the TV cameras, so that they might be able to present the show to the world.

I believe this investigation should be made. I agree with the minority leader. It should be made without glare and glamor.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield one minute to the Senator from Nebraska.

Mr. HRUSKA. Earlier today, I co-sponsored the measure introduced by the Chairman of the Committee on the Judiciary [Mr. EASTLAND] to make a Federal crime of the assassination of the President or of anyone in the line of Presidential succession. I believe that considering the speculation, uncertainty, and misunderstanding which have arisen regarding this appalling and tragic act, it would be well for the Judiciary Committee to conduct a thorough investigation. By following this course we will assure our fellow countrymen and concerned people everywhere that the actual facts, and not false notions, will be set down in a permanent record for posterity and ourselves to judge.

The national interest would not be furthered, Mr. President, by the feeling that the Senate was so stunned by the grievous blow struck our President that it accepted the second barbarous act as an answer to the first.

Therefore, I support wholeheartedly the suggestion of the minority leader that the investigation proceed promptly under the auspices of the Senate Committee on the Judiciary.

Mr. HUMPHREY. Mr. President, will the Senator from Alabama yield 1 minute on this subject?

Mr. SPARKMAN. I yield 10 minutes to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I associate myself with the remarks of the distinguished minority leader. I join him and the other Senators who have spoken in reference to the proposal of a sensible, prudent, judicious investigation into the unbelievable, incredible developments of the past weekend, which resulted in the loss of the life of our beloved President, and into a situation relating to law enforcement and the protection of the person of the President that really threatens the entire Nation. I commend those who have made the proposal.

#### GOVERNMENT GUARANTEES OF CREDIT TO COMMUNIST COUNTRIES

The Senate resumed the consideration of the bill (S. 2310) to prohibit any guarantee by the Export-Import Bank or any other agency of the Government of payment of obligations of Communist countries.

Mr. McGOVERN. Mr. President, I have just received from the Washington Wheat Growers Association the text of a resolution they passed at their annual convention on November 11 and 12, endorsing the principles of the voluntary wheat certificate plan contained in S. 1946.

Mr. John V. Fisher, president, has transmitted to me the following text:

Whereas the Washington Association of Wheat Growers feel that a national program is necessary to keep the production of wheat within present markets and stabilize farm income; and

Whereas they further believe that the principles of a voluntary certificate, two price plan best fulfills the requirements of such a program: Therefore be it

*Resolved*, That the Washington Association of Wheat Growers go on record as supporting new wheat legislation embodying the voluntary certificate, two-price principle with the substitution clause effective.

At least four other State associations of wheatgrowers have adopted similar resolutions, I am advised, although their exact language has not yet been transmitted to me.

I call these resolutions to the attention of the Senate, Mr. President, so the Members will know that wheat farmers want a new wheat program adopted, and that they are, almost without exception, requesting enactment of a voluntary certificate plan at the first State conventions held since the wheat referendum last May.

Mr. LONG of Missouri. Mr. President, the bill before the Senate, in my opinion, is not in the best interest of the United States. It should be very clear from the beginning that we are not considering or discussing the wisdom of selling wheat or other nonstrategic products to the Soviet Union or other Communist countries. While the bill would have an adverse effect on such sales, it does not prohibit them. Also, there is no guarantee if the bill is rejected that such sales would be consummated.

What we are discussing is the placement of certain ironclad credit restrictions on our grain dealers and other businessmen with respect to sales to the Soviet Union and other Communist countries while the businessmen of other nations of the free world are free of such restrictions.

If American grain dealers are to consummate the sales with the Soviet Union, it will probably be necessary for them to have available regular commercial credit avenues. Our commercial banks are not in the position to offer the amount of credit contemplated without the normal guarantees offered by the Export-Import Bank even though the terms are exceedingly good—25 percent cash and 18 months to pay the balance with annual 5 percent interest. Thus, the grain dealers will probably look to the Export-Import Bank for their assistance in the normal conduct of business. Of the 5 percent interest, five-eighths of 1 percent would go to the Export-Import Bank as a fee. For the Export-Import Bank to provide such a guarantee would not aid the Soviet Union. Rather, it would aid the American farmer and the American grain dealer. Similar guarantees may become very important to other American businessmen in the future.

Canada and Great Britain through their counterparts of the Export-Import Bank have been guaranteeing credit to the Soviet Union and other Communist countries on similar terms for some time.

Mr. President, while the enactment of this bill would not prohibit the contemplated wheat sales nor its rejection insure the sales, I do not believe we should impose the restrictions of this bill on the normal conduct of these sales. If consummated, the sales would directly benefit our Government by improving our balance of payments. They would strengthen our gold situation and reduce

our enormous expenditures for storage of grain.

If our farmers and grain dealers are not able to sell grain on the competitive terms which would result from Export-Import Bank guarantees, I would guess the Soviet Union would find such terms elsewhere and purchase the wheat they desire. Such wheat could well have its origin in the United States.

It also must be remembered that every dollar used by the Soviet Union to buy grain is \$1 less it has for development of its industrial capacity or other activities of far more danger to the free world. Therefore, Mr. President, I urge the rejection of this bill.

PRESIDENT KENNEDY'S WHEAT SALE SHOULD NOT BE SABOTAGED

Mr. HUMPHREY. Mr. President, we have before us a bill which, if enacted, would scuttle the proposed wheat agreement between American grain exporters and the Soviet Union. It would kill a wheat agreement which makes good sense from a business point and good sense from a foreign policy point of view. Increased trade will help reduce our surplus of wheat, reduce our unfavorable balance of payments, and reduce East-West tensions. Today all the world is waiting to know if the United States will continue the policy of promoting greater international harmony—the policy of our late President John F. Kennedy. Enactment of this bill would represent a step backward. It would represent a retrogression into the intense suspicion and hostility of an earlier era. It would represent a step away from the goal of peace with justice, a goal espoused by our late beloved President and by our new President Lyndon B. Johnson.

In the past few weeks we have begun to move toward a reexamination of our policy on East-West trade. This review of policy is long overdue.

The atmosphere created by the test ban treaty is particularly favorable for exploring possible further steps toward reducing tensions.

We now have some reason to assume that the Soviet leadership is interested in backing away from the dangerous game of brinkmanship in international relations. In part, we can believe that Moscow has been influenced in the direction of greater rationality in world affairs by its sense of shock over the brutal cynicism displayed by China in the matter of pushing the world headlong toward a nuclear holocaust. This may be as good a time as any, therefore, to test the ground around us, in order to find out just how favorable it is for future steps in international cooperation in the interest of world peace.

The area of foreign trade is a good place to begin. If we act decisively by making a serious move in the direction of a more responsible and permissive trade policy toward Eastern Europe, this could be most helpful in testing Soviet intentions in the field of international cooperation. It should help to give us the answer, within a short span of time, whether Russia is prepared to abandon its past sterile policies of studied hostility and expansionism, in favor of political cooperation and, as a

consequence, a climate of unhampered commercial exchanges between the West and the East.

Our trade policy in the past has been essentially punitive, designed to retaliate against and to discourage Soviet international adventurism.

Ever since the early postwar years, when Stalin set out on a deliberate course of expanding the perimeter of world communism, we have attempted, as far as possible, to retaliate against Russia's disruptive international behavior by the use of our commercial power. We were then firmly convinced, on the basis of past international experience, that the Soviet leadership was hopelessly bent on a course of forcible annexation of territory as the only way of demonstrating the inevitability of communism.

We saw that they were willing to sacrifice the elementary economic needs of their own people in its compulsive quest for territorial and political aggrandizement. In a situation of this sort, there was no incentive for us to cultivate Russia either as a friendly neighbor or as a steadfast commercial partner.

Today, we are confronted by a situation that may be quite different. First of all, Russia's leaders seem to have learned the hard lesson that in order to endure, and to gain acceptance, a government cannot continue indefinitely to deprive the mass of population of its basic needs behind a smokescreen of vaguely worded promises. They seem to be standing at a critical juncture in their relations with their own people. The promises that were made over the decades have to be cashed in, last, or else they must run the risk of a severe decline in public morale.

Second, the Soviet Union is confronted with the massive failure of its agricultural system to produce the food needed to feed its people. In spite of their conscious pursuit of economic self-sufficiency for decades, the Soviet Union has failed completely to achieve self-sufficiency in the agricultural field.

Our trade policy up to now, which we would be powerless to change if the Mundt bill were passed, is not effective in either the agricultural or the industrial field.

It is an open secret that the nations of Western Europe have not, since the end of the war in Korea, shared our highly restrictive standards for the control of exports to Eastern Europe. We and Western Europe did, of course, for a time pursue an effective common policy in withholding strategic goods from the Soviet bloc during the period of maximum peril to the free world. This was during the years between 1949 and 1954. All exports from the free world to Russia in 1950, for example, amounted to \$300 million, as compared with \$1.8 billion in 1962.

Since then, however, there has been a conscious parting of the way. Western Europe has chosen to withhold from the East only a limited list of strategic goods, while our exercise of export control has extended over a wide range of industrial equipment and materials.

This has resulted in an admittedly anomalous situation. Many of the very

same types of goods for which we have been denying export licenses to the U.S.S.R. and its satellites have been legally sold and shipped to them by manufacturers in Western Europe.

The marked disparity in export policy between the United States and Western Europe has had the practical effect, in most cases, of nullifying our attempt to withhold goods from Russia on what was, in effect, an unilateral basis. In practice, it turned out that most of the types of industrial equipment they needed, with some notable exceptions, were available in Western Europe.

A few statistical figures will illustrate the gap that has developed between the level of our exports to the Soviet bloc in Europe and that of Western Europe as a result of our disparate export policies.

In 1962, we exported to Eastern Europe a volume of goods valued at \$125 million. Western Europe on the other hand, exported to the same market in the same year a volume of merchandise worth \$2.1 billion. This is a rate of 16 to 1.

In the key category of machinery and transport equipment, our 1962 exports to that region amounted to \$7.6 million. Exports from Western Europe in the same category came to a total of \$756.3 million. A ratio of 100 to 1.

In the case of manufactured goods, the record shows a still sharper disparity: \$21 million from the United States; \$675.5 million from Western Europe 300 to 1.

In the agricultural field, we know that our Western European allies have been selling wheat and other grain to the Soviet bloc countries. We know that last month the Germans sold 450,000 tons of flour to the Soviet Union. We know that Germany and Italy have previously shipped grain or flour to Russia which was purchased in the United States. It makes no sense for us to refuse to sell wheat to the Soviet bloc countries in this situation—and the passage of the Mundt amendment would prevent us from doing just that.

The figures I have quoted indicating a substantial rise in free world exports to the Soviet bloc, a rise in which the United States did not participate, indicate that the Soviet bloc obtains what it requires from our allies and from the other countries of the free world.

CREDIT

The trade of the free world with the bloc, particularly that of the industrialized countries of Western Europe and Japan, depends upon the extension of credits to bloc countries. The terms of the credit usually depend upon commercial practices related to the kind of the commodity that is exported. If the United States is to participate in the expanding trade of the free world with the European bloc it will be necessary for U.S. business, in order to be competitive with West European and Japanese firms to provide some credit financing.

Financial arrangements in commercial transactions are, by their nature, subject to much secrecy. This is perhaps especially true in the areas of economic activity in which competition plays a very strong role. Consequently, it is not possible to give detailed and documented

statistical information on the practices of commercial firms in foreign countries.

It is known, however, that credits have been extended by free world firms to bloc countries for periods ranging from 1 to 10 years. Specific terms such as the amount of cash downpayment, the installment periods of payment, and the rate of interest, are likewise subject to considerable variation depending upon the type of commodities, commercial practice, and other market conditions. In general, credits for industrial and transportation equipment, including ships, are granted for medium- to long-term periods, whereas credits for agricultural commodities are usually for short to medium periods, that is, 1½ to 3 years' credit.

It is conservatively estimated that in the last 5 years the industrial countries of the free world have extended an average of about \$350 million credit to the European bloc annually. At least three-quarters of the credit granted by private firms was guaranteed, that is, insured by governmental or quasi-governmental organizations in the exporting country. In the principal free world countries trading with the bloc, such agencies as the Export Guaranty Department of the Board of Trade in the United Kingdom, the Export Credit Insurance Corporation of Canada, the Export-Import Bank of Japan, Hermes of the Federal Republic of Germany, the Compagnie Francaise d'Assurance pour le Commerce Extérieur of France, and the Instituto Centrale per il Credito Medio termine of Italy provide the credit guarantees.

#### IMPACT OF U.S. TRADE

The guaranteeing of export credits to the bloc will not necessarily result in a huge trade increase with that area. As has been already indicated, the present level of U.S. trade with the bloc is insignificant, representing less than seven-tenths of 1 percent of our total exports. The bloc, however, constitutes a sizable market for the free world, that is, over \$4 billion in 1962. At present, United States business is effectively precluded from competing for a share of this \$4 billion. It is quite probable that between 80 and 90 percent of the commodities making up the \$4 billion could be licensed for export from the United States. Without a possibility to extend credit guarantees or insurance to potential bloc purchasers, the U.S. businessman would be placed in an untenable economic position, vis-a-vis his foreign competitors. He simply cannot compete.

Another facet of this situation spotlights the inadequacy of our credit policies. The Department of Commerce issues many licenses for nonstrategic technical data to U.S. firms for Soviet bloc destinations. The plant and equipment utilizing these technical data, however, are provided by West European and Japanese firms and to a lesser extent by European subsidiaries of U.S. firms. Thus, the United States derives a minimum economic benefit, although it makes possible the export of plant and equipment from Western to Eastern Europe. Obviously this setup does not benefit the U.S. economy to the extent possible,

nor does it contribute to the solution of our balance-of-payments problem significantly. It is also likely that a U.S. subsidiary operating in the United Kingdom or Federal Republic of Germany may be able to grant credit and obtain credit insurance from these countries.

The Soviet bloc countries have indicated an interest in a variety of U.S. commodities and technical data. Some of these items could not be exported because an export license would not be granted. In many of these items, however, for which an export license is obtainable, U.S. firms could be competitive with West European firms. Because of their inability to compete in the credit market U.S. firms and grain dealers are unable to sell to bloc countries even when pricewise U.S. goods are competitive in this market. In fact, it appears that without credit only a minimum of cash purchases will be made by the bloc countries in the United States.

In view of the importance of solving our balance-of-payments problem, every effort should be made to permit U.S. business, and U.S. farmers to be competitive with foreign firms in the free world. The fact that West European countries and Japan have extended credits to the bloc and that this trade has grown from \$2.6 to \$4.1 billion in the last 5 years, suggests that the bloc countries are good commercial risks. It is entirely likely that U.S. trade with this area in peaceful goods could amount to several hundred million dollars annually and, under proper conditions steadily increase. Foreclosing the opportunity of U.S. businessmen to participate in the bloc market merely transfers this business to other foreign countries.

The question has been raised whether the issuance of export credit insurance by the Export-Import Bank to wheat dealers proposing to sell wheat to the Soviet Union constitutes aid to the Soviet Union. This is not the case. The Export-Import Bank insurance is paid for by the people who do the exporting. This is no gift.

The Export-Import Bank insurance is paid for like an insurance premium to the Prudential Life Insurance Co. or the Metropolitan Life Insurance Co. They will make money out of it. They are not losing money. The Export-Import Bank has a record of making money for the Treasury on direct loans.

We must live in this world. It is the only one that we have. It is a world that has many troublesome problems. Some people feel that the best way to deal with Communists is to continue to hate them, to continue to despise them, and hope that they will fade away.

Let us make it crystal clear. The Soviet Union will not collapse because it does not get wheat from the United States. I am not at all sure that the wheat deal will go through anyway.

Furthermore, all the late beloved President of the United States did was to say that our Government is willing to issue export licenses to American commercial firms if such commercial firms could make business arrangements with so-called Eastern Communist bloc

countries, including the Soviet Union, provided that those firms fulfill certain criteria and conditions. We have not had any deal with Russia, and I am a little tired of having the record appear as though the late beloved President of the United States sat down and made a deal with Russia. The only people that have been talking to the Russians are some private American businessmen. They are capable of taking care of themselves in the negotiations with the Russians. All the late President Kennedy said was that it is the policy of our Government, insofar as the executive branch is concerned, that licenses be issued to commercial firms in the United States to do business with Eastern-Socialist-Communist-bloc countries in the field of wheat and certain other cereals and feed grains.

What are we talking about now in connection with the Mundt amendment? We are talking about an insurance program on credits. Every Senator knows that every sale that is made involves credits. It is either 30 days, 60 days, 6 months, or 18 months. The Canadian deal with Communist China involved credits that extended as long as 3 years. Those commitments by the Communist Chinese—Communist China aid—have been paid and are being paid.

In the recent Canadian wheat deal with the Soviet Union in which Canada sold substantial quantities of wheat to Russia, the deal was 25 percent down in cash and the balance in 18 months, with payments of one-third each 6 months.

What did the Soviet Union do? Instead of taking advantage of the 18 months' credit, they paid 80 percent down in cash because they did not want to pay the interest charges.

I point out, first, that there is no deal with the Russians now. The only application that we have before us is the one to sell a certain amount of feed grains to Hungary.

The Soviet Union has not consummated a single contract. Whether they will or not depends upon what their needs are, what their shipping rates may be, the price, and other conditions.

The question may be raised whether credit guarantee by a U.S. Government agency in any way affects the U.S. export control system now in operation. The answer is, of course, an unequivocal "No." Each export license application is subject to specific tests that have been developed during the past 15 years by the Department of Commerce; these tests are in no way related to questions of credits or credit guarantees. Furthermore, it should be emphasized that the Export-Import Bank is not required to provide credit guarantees to bloc countries or to anyone else. Each application for credit insurance is passed on by the Export-Import Bank, which under the terms of its laws and regulations decides on the merits of each case. The Export-Import Bank has been in operation almost 30 years and has operated as an independent agency with flexibility, discretion, and in consonance with the foreign policy objectives of the U.S. Government.

Credit plays a tremendous role in modern economic transactions, both

domestically and internationally. To cite only one example at home: three-quarters of new-car purchases in the United States are made on a credit basis. The use of credit in the field of foreign trade generally is likewise quite frequent. This point is important when considering any legislation which would remove the U.S. businessman as a competitor for a share in the bloc market to which export controls already limit the movement of U.S. goods and technology.

The proposed legislation is an unnecessary interference in the execution of foreign policy because it would reduce the amount of flexibility the administration has with regard to both the bloc countries and our allies. The present administration and its predecessors felt it necessary to maintain and expand various peaceful contacts with the bloc countries in Europe. In carrying out this objective, the U.S. Government has: concluded credit and sales agreements with Poland, annually since 1957, which now aggregate to over a half billion dollars; participated in trade fairs in Poland, Bulgaria, Czechoslovakia, and the National Exhibition in Moscow; arrived at claims agreement for U.S. nationalized property with Rumania and Bulgaria; established, since 1959, a system of cultural exchanges with the Soviet Union; and has permitted an increasing number of U.S. tourists to visit the countries of the European Soviet bloc in recent years. This administration feels very strongly as did its predecessor, that trade in peaceful goods is one of the most important contacts that this country can have with the European Soviet bloc and that all measures, consistent with our export control policies, should be undertaken to provide for the expansion of this trade.

The proposed wheat agreement is a wise business deal. To consummate it, credit must be available. This bill would kill the possibility of credit being extended. It would kill the wheat agreement. It should be defeated.

Mr. President, I want to conclude by discussing the effect the Mundt proposal has had on farm income.

Between the time when the Senator from South Dakota first outlined this proposal—which was in the form of an amendment to the foreign aid bill, but later the amendment was withdrawn—and last Friday, the price of 1963 crop wheat—both for the cash market and for the futures market—had dropped about 10 cents a bushel. At the time when the Senator from South Dakota first made his suggestions, farmers owned about 400 million bushels of 1963 crop wheat. Thus, Mr. President, there would have been a reduction in farm income of 40 million dollars, covering only the 1963 crop of wheat. This reduction in farm income can be traced directly to the uncertainties in the market which have arisen due to the bill introduced by the senior Senator from South Dakota.

As an indication of this, today—the day following an unfavorable report on the bill by the Committee on Banking and Currency—the market rose 4 cents a bushel for wheat this year and 5½ cents for wheat next year. We must not re-

verse this upward trend by passage of this bill.

If we take into consideration the 1964 crop of wheat, for which there also had been a 10 cent per bushel drop in the futures market, we add to this \$40 million loss of farm income another \$120 million. This is due to the fact that farmers are expected to sell about 1.2 billion bushels of wheat next year. Of course, farmers who sold in a recent period did take substantial losses.

In the Senator's own State of South Dakota, farmers have about 25 million bushels of 1963 crop wheat on hand, and next year will sell about 40 million bushels of wheat. Thus, the loss in farm income in South Dakota alone would have amounted to \$6½ million, due to the Senator's proposal.

And remember, Mr. President, I am talking now only about wheat. If we get into a discussion of corn, we are talking about another \$70 million reduction in farm income.

Mr. President, it is clear that we are considering many serious matters, not just general language relating to the authority of the Export-Import Bank.

So I urge that the Senator's bill be defeated. The farmers of America already have suffered as a result of it, and they should not be subjected to even further reductions in their income.

Mr. President, I ask unanimous consent to have printed in the RECORD certain questions and answers in regard to the pending bill and tables showing free world exports to the Soviet bloc and U.S. exports to the Soviet bloc.

There being no objection, the questions and answers and the tables were ordered to be printed in the RECORD, as follows:

#### QUESTIONS RELATING TO S. 2310

1. Is an Export-Import Bank guarantee of short-term credits to the Soviet Union a change from "normal commercial terms"?

The President of the Export-Import Bank, Mr. Harold Linder, testified on this point before the Senate Banking and Currency Committee. He pointed out that the Export-Import Bank "has not departed from established procedures in offering the Bank's guarantee on these (agricultural products) sales." He cited other transactions as well in which commercial banks took the full Export-Import guarantee. He said "we have in no wise altered our normal conduct."

2. Do sales to the Soviet Union and Eastern European countries by Canada and our Western European Allies involve a public guarantee such as by our Export-Import Bank?

The Canadian wheat transaction with the Soviet Union and some of the Eastern European countries call for terms which provide for cash payment of 25 percent before shipment, with the balance payable in equal semiannual installments over 18 months. The Canadian wheat sales are overwhelmingly the largest of any that are likely to take place. The terms surrounding them have now become the customary terms for sales of wheat to the bloc countries. In the Canadian case, the Export Credit Insurance Corporation of Canada, a government-owned corporation, stands ready to guarantee the credits extended by the Canadian banks to finance Soviet wheat purchases.

Exports from Western Europe to the European Communist bloc in 1962 amounted to \$2.8 billion. The credit guarantee institutions in the Western European countries

help to make possible the financing of these exports, which consist in large part of industrial goods. Credit terms on Western European sales to the Communist countries run as long as 5 years. Credit guarantees in other words are a normal and accustomed means of helping to finance trade with the Soviet bloc.

3. Is the Soviet Union a "bad credit risk"? Trade between Western European and the Soviet Union and other Eastern European Communist countries is carried on under credit arrangements no different than in the case of trade with free world countries. As indicated, the volume of Western European exports to Eastern Europe in 1962 was \$2.8 billion. Against the background of the very large volume of exports by Western Europe to the Soviet Union, there is no known instance of Soviet default on commercial credits in connection with that trade.

The Soviet Union has a very strong interest in maintaining its commercial credit rating. The U.S.S.R. has only limited reserves of foreign exchange and gold with which to finance current purchases. The credit facilities it can obtain in the free world are needed to conserve the scarce Soviet reserves, since the Soviet Union does not have access to intergovernment credit. If the Soviet Union were to default on commercial credits, its ability to finance normal trade transactions with the West would be fatally damaged. This, the Soviet Union would not wish to risk.

The Export-Import Bank, of course, must take account of credit risk considerations. The Bank's President, Mr. Linder, testified before the Banking and Currency Committee "that the Board of the Export-Import Bank examined the proposed guarantees on the wheat sales and did find reasonable assurance of repayment" as required by the Export-Import Bank account.

4. What would be the practical effect of the enactment of S. 2310?

While S. 2310 does not explicitly prevent the sale of wheat to the Soviet Union, we do know that the U.S. commercial banks will not finance the wheat sales without an Export-Import guarantee.

S. 2310 would tie the hands of our traders and exporters in dealings with the Eastern European Communist countries, no matter what nonstrategic commodities may be involved. Our competitors in Western Europe all have available credit guarantee facilities on export trade with the Communist countries. Many opportunities for the sale by the United States of exports of peaceful goods and agricultural commodities like tobacco and cotton would be foreclosed by S. 2310.

The inability of American exporters to sell in Eastern Europe would not, of course, prevent the Eastern European countries from obtaining peaceful commodities. It would merely assure that virtually all the business would go to other free world suppliers, no matter how harmless the commodities or how interested our producers and exporters might be in the transactions or how helpful it would be to our balance-of-payment problems or relieve cold war tensions when the specific opportunity is in our national interest.

5. What is the significance of S. 2310 in relation to Eastern Europe?

S. 2310 would tie the hands of the American Government at a time when Eastern Europe is in a state of great ferment. The small Eastern European Communist states are increasingly restive with the economic functioning of the Communist system. They show more and more interest in asserting an increasing degree of national independence. They look for alternatives to total dependence on the Soviet Union. Peaceful trade with the Eastern European countries at this time offers one means of influencing developments constructively and in the interest of

the free world. S. 2310, by preventing even modest trade expansion, would take the United States effectively out of the picture. Yet our action would not deprive these countries of the agricultural commodities and other nonstrategic goods they may seek; for other nations, including many of our allies, in Western Europe receiving no U.S. economic assistance, have made unmistakably clear they intend to continue and, if possible, expand their trade in peaceful goods with Eastern Europe. Cutting off the flow of U.S. goods, and presence, and influence into that part of the world will thus not restrain or inhibit Communist countries in Eastern Europe in any way. We will be cutting off only our own nose and injuring only our own interests.

6. Would the sale of wheat to the Soviet Union contribute to Soviet aggressive capabilities and intentions?

The Soviet Union has evidently had a serious shortfall in grain production. As a consequence, import needs may range upward of 12 million tons in 1963-64.

The U.S.S.R. already has firm arrangements for roughly 9 million tons of wheat, primarily from Canada and Australia.

The bulk of its import requirements are already being met. Additional imports increasingly are at the margin of essential requirements. In short, if the shortfall in grain output in the U.S.S.R. was ever a major problem for the Soviet Union, it was no longer so after the Canadian and Australian sales had been arranged.

Furthermore, we have no reason to believe that the U.S.S.R. could not have met its absolute domestic needs for grains out of its own production. Total Soviet output of wheat and other grains is in the order of 100 million tons. By strict rationing, the Soviet leadership undoubtedly could have met the basic needs of the Soviet people.

The decision was taken, however, to use some of the U.S.S.R.'s scarce foreign exchange to import wheat, a consumer good. This choice meant that the U.S.S.R. will have a reduced ability to buy manufactured goods which contribute directly to the industrial power of the Soviet Union. It meant that the Soviet leadership had chosen between the current needs of the Russian people and the longer run industrial capacity of the U.S.S.R. It was the kind of decision that could have been taken as a matter of course in any Western state. The fact that the decision in the Soviet Union was in favor of popular needs is a small but useful indication that a desirable process of change may be getting underway within the U.S.S.R. We most certainly should not discourage this development.

7. Will the sale of U.S. wheat, if made, allow the Soviet Union to release wheat to Communist China and Cuba?

In the Soviet purchases from Canada it was understood that the Soviet Union would set aside some of the tonnage to meet Cuban needs, so that Cuban requirements have already been taken into account. We have no evidence that the U.S.S.R. is shipping wheat to Communist China or considering shipping wheat to Communist China. These Chinese Communists have been buying wheat in Australia and Canada for several years. There is no reason to believe that Communist China needs or is seeking additional supplies of wheat. If it did need more wheat, it would undoubtedly turn first to Canadian and Australian sources which have been willing to sell to Communist China in the past.

8. What would the sale of wheat to the Soviet Union do for the U.S. economy?

Secretary Dillon testified that sales of wheat, if they amounted to 150 million bushels, as may be possible, would improve our balance of payments by perhaps as much as \$300 million. This amount would be a very substantial help to our balance-of-payments deficit which was running after sea-

sonal adjustments at an annual level of \$1.6 billion in the third quarter of 1963.

Furthermore, it is anticipated that Soviet payments would consist, in part, in gold. These flows of gold to the free world would improve the U.S. gold position, either directly or indirectly.

From a budgetary point of view, sales of wheat from CCC inventories, plus the savings on storage and carrying charges could amount in fiscal 1964 and fiscal 1965, to approximately \$250 million, with a corresponding effect on our anticipated budgetary deficit.

These benefits could be obtained from a transaction which has the additional feature of advertising to the world that the American farm economy is a flourishing and productive one while the Soviet agricultural system has come upon serious difficulties. If consummated, it would contribute in the first instance and primarily to the well-being of the people, not to the power of the Soviet state. In fact, if the U.S.S.R. had been unable to import wheat to compensate for crop failures, the Soviet leadership undoubtedly would have instituted a system of rationing and strengthened police controls which would have necessarily aggrandized the power of the state and worsened the rigors of the system of domestic controls in the Soviet Union and the controls of the Soviet Union over other Eastern European Communist countries.

TABLE 1.—Free world exports to the Soviet bloc in Europe, 1958-62  
(In millions of dollars)

Year	Free world exports to—		
	European-Soviet bloc	U.S.S.R.	Other European bloc
1958.....	2,646.9	1,012.9	1,634.0
1959.....	3,001.9	1,149.0	1,852.9
1960.....	3,740.4	1,565.0	2,175.4
1961.....	3,841.8	1,519.7	2,322.1
1962.....	4,092.6	1,770.5	2,322.1

Source: International Trade Analysis Division, BIC U.S. Department of Commerce.

TABLE III.—U.S. exports to the Soviet bloc in Europe, 1958-62  
(In thousands of dollars)

Year	European-Soviet bloc	U.S.S.R.	Poland	Other European bloc
1958.....	113,125	3,415	105,180	3,530
1959.....	89,269	7,398	74,728	7,143
1960.....	193,853	38,440	143,090	12,317
1961.....	133,324	42,662	74,791	15,871
1962.....	125,136	15,253	94,454	15,429

Source: "Export Control," 64th quarterly report, p. 39.

Mr. HUMPHREY. Mr. President, the bill (S. 2310) is an amendment to the Export-Import Bank Act, to prohibit any guarantee by the Export-Import Bank or any other agency of the Government of the payment of obligations by Communist countries. In simple language, the bill would prohibit the utilization of the Export-Import Bank insurance program for export or credit guarantees by the Export-Import Bank to any American exporter—and I underscore "any American exporter"—relating to the sale of any product by any individual, partnership, corporation, or association within the United States to any foreign government or political subdivision thereof.

The amendment to the bill is far reaching, since it relates not only to ag-

ricultural commodities but also to any product, manufactured or processed, raw material, mineral, food, fiber, fabric, plastic, chemical, or whatever else it may be. My argument in reference to the amendment which was offered at the time the foreign aid bill was under consideration remains, I believe, the argument that is pertinent and relevant to this debate. We Senators are not discussing merely an amendment relating to the Export-Import Bank or to a particular facility or agency of the Government. We are discussing a major foreign trade and foreign policy position or declaration. The whole subject of East-West trade needs the most careful examination. I believe all Senators will want to study this crucial, complex, intricate, difficult problem with meticulous care. I say this because at present the United States and its allies are having discussions concerning East-West trade. Our Under Secretary of State, Mr. George Ball, was recently in Paris, attending meetings of the NATO Council. There he raised the question of the lack of uniformity and of a coordinated policy on the subject of trade relations with the Soviet bloc countries. On the one hand, our good and staunch allies, countries that we now defend, and to which we have given commitments of manpower and materials of defense, in terms of hundreds of thousands of men and the value of billions of dollars, are doing regular commercial business, on regular commercial terms, with regular export credit guarantees and insurance, with Soviet bloc countries.

This subject can be argued in any way one wishes to argue it. One can say that that is entirely the business of those countries, and that we should expect that countries that are industrialized would want to find markets. Or one could say that as our allies, those countries ought to stay with our policy, the policy we have maintained for many years; namely, of limiting trade with the Soviet bloc countries.

But whatever the policy may ultimately be, it should not be entered into rashly; it should not be entered into on the basis of a limited investigation or study. The decision will require the most careful study on the part of both Houses of Congress and of members of the executive branch.

If adopted, the proposed amendment, which is S. 2310, would represent an order to the executive branch to stop even any consideration of export trade with Soviet bloc countries or eastern European countries such as Rumania, Yugoslavia, Poland, and others, including the Soviet Union. I know the answer will be: "No, there can still be trading for cash." The answer will be that export licenses can be obtained, if one wishes to have them. This is true with respect to about 90 percent of agricultural commodities. But that is like a man saying, "You can buy a car, but if you cannot buy it on time payments, the automobile company will close up." If the automobile industry of the United States had to depend upon cash sales, I am afraid that only a few custom-made cars would be built, and most people would be joining the Attor-

ney General in taking 50-mile hikes, or riding bicycles or ponies.

The truth is that today the automobile industry requires not cash sales, but normal credit terms, for the creation of what is normal credit for consumer loans.

The same is true of housing. The same is true of a vast number of transactions in the international field. We would be deceiving ourselves and the public, we would be deceiving our colleagues, if we said that an export trade, even with friendly countries, could be carried on without a certain amount of export guarantees.

I summarize the point by stating that the export guarantees do not go to Rumanians or Hungarians or Russians. They go to the American banks that make available the financing of American exporters for the purpose of sales of goods abroad, for a fee which is paid by the exporter to the bank, and not paid by the taxpayer or the Government of the United States.

This is nothing unusual. I shall repeat what I said at the time of the foreign aid debate: Every industrialized commercial country on the face of the earth has this type of program. There is a similar program of export credit guarantees in France and in Italy. Germany has its Hermes Kreditversicherungs. Great Britain has its Export Credit Guarantee Fund. Canada has an Export Credit Guarantee Fund. All these agencies are establishments of their governments. They are public or quasi-public agencies and have as their one purpose the promotion of exports. These export guarantee agencies, which are either public or quasi-public, give guarantees up to 10 years. In this instance, we are talking about a period of 18 months.

I conclude with the thought that so far as the Soviet Union is concerned, the record ought to be clear that the Soviet Union has not asked for any credits. So the Senate will not be voting on whether to give credits to the Soviet Union.

Sensors will be voting on the question of whether we are to deny the Export-Import Bank the privilege of having export credit guarantees for U.S. institutions, exporters, and firms, for exports of American products that will be shipped by American transportation, with American workers handling them, and American farms—in the instance of agricultural commodities—producing them, or American firms—in the instance of American manufactured products—making them.

So the question before the Senate is not merely wheat for Russia that will be paid for in convertible currencies or gold or cash or under normal commercial credit terms—because the Soviet Union has not asked, as yet, for any such credit. In connection with the Canadian deal, the Soviet Union asked for 18 months credit; and, as has been stated here, the Canadians extended it under export guarantees, and later the Russians decided to pay 80 percent in cash.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. HUMPHREY. Mr. President, if the Senator from Alabama will yield me 3 additional minutes, I shall yield most of it to the Senator from New York [Mr. KEATING].

Mr. SPARKMAN. I yield 3 additional minutes to the Senator from Minnesota.

Mr. KEATING. Very well, Mr. President.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 3 more minutes.

Mr. HUMPHREY. Mr. President, I do not believe that at this time, with a new President and a major policy decision before the country, we should take the severe step which would be required by the pending bill, which—thank goodness—has been reported adversely by the committee. The President may well want to come before us with other recommendations. I am not at liberty to say what his views will be, but I am at liberty to say that a study of this matter is being made in the executive branch. So it seems to me that instead of closing the door, and thus preventing the making of new recommendations by the President, we should leave that door open.

Now I yield to the Senator from New York.

Mr. KEATING. Mr. President, I agree with the last statement the Senator from Minnesota has made. I believe that any action we take today on the pending bill cannot be isolated from the tragic events of the past few days. I say frankly that I have had serious reservations about the terms of the proposed wheat deal with the Soviet Union; and perhaps under ordinary circumstances would support the pending bill. The bill is controversial, as is indicated by the very close vote in the committee; and I am sure that we could spend endless hours in debate on its pros and cons. A good case can be made both for and against the bill.

In my judgment, however, any reasonable doubt as to the wisdom of this measure must be resolved in favor of our new President. Never was it more essential for us to demonstrate our support for the President in his efforts to carry out the policies initiated by President Kennedy. This is the first matter to come before us from the new administration. If we pass this bill, the headlines will read "Senate Repudiates Johnson on Foreign Policy" just as the defeat of the bill will bring forth the headline "Senate Supports Johnson." I believe it is imperatively in the national interest at this time to demonstrate to the world in a significant way that we are a united country and that all of us stand four square behind the new President. We must reduce to a minimum any uncertainty in our Nation's resolve and determination to maintain its leadership and initiative in the free world.

Whether credit should be extended to the Soviet Union, whether this credit should be insured by the U.S. Government, whether sales to the Soviet Union should be extended and if so, how, and under what ground rules—these and many other questions should be weighed both in the Congress and in the execu-

tive branch of the Government. They should be studied with care, and I hope that study will begin early in the new year. But in the context of recent events, this bill is merely shadowboxing. This is not the time or the manner in which to bind the hands of the Chief Executive piecemeal before he has had an opportunity to weigh the situation himself, before he has had an opportunity to chart the course for which he must bear responsibility.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The time yielded to the Senator from New York has expired.

Mr. SPARKMAN. I yield 2 additional minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 more minutes.

Mr. KEATING. Mr. President, in my view, this measure now before the Senate offers the first tangible test of bipartisan support and cooperation in a time of national stress. We should, I believe, not vote on this bill entirely on its own merits, but, rather, we should vote on it as a measure of our confidence in the President and of our own determination to meet the real issues that we must not ignore.

There may be some who will disagree with these views, and I would not challenge their sincerity or convictions. But as for me, I have decided that no consideration in favor of this measure outweighs the important national purpose to be served at this hour by its rejection. Therefore, I shall vote against the bill.

Mr. MUNDT. Mr. President, as I understand from the Senator from Alabama, the other side has no other speakers except the majority leader, who expects to close the debate for that side.

Mr. SPARKMAN. That is our schedule.

Mr. MUNDT. That being true, I shall use what time I have to summarize the arguments made by the proponents of the bill. Therefore, Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 15 minutes.

Mr. MUNDT. First of all, Mr. President, I believe there has been a highly salutary debate during the last 8 hours of today's session of the Senate. This debate, together with that of a week ago Thursday night, together with the hearings held under the chairmanship of the able and distinguished junior Senator from Virginia [Mr. ROBERTSON], chairman of the Senate Banking and Currency Committee, has placed before the public a clear understanding of what is involved in these issues, about which there was previously considerable doubt and misinformation. However, I think that by this time any diligent Senator, newspaper reporter, or radio commentator must clearly understand the facts and factors involved. In fact, all those who read the CONGRESSIONAL RECORD should know precisely the nature of the issues at stake.

As the author of the bill—and I have listened all afternoon to the arguments made, both pro and con—I believe the

proponents of the bill have built a pertinent, persuasive, and compelling case.

I shall not take as much time as I had expected to take to reiterate the arguments in support of the bill, because they have already been stated by many Senators speaking in support of S. 2310.

Beginning on page 22494 of the CONGRESSIONAL RECORD for Wednesday, November 20, I placed in the RECORD the entire résumé of the hearings in which I participated, insofar as my principal, main statement was concerned.

I placed in the RECORD my affirmative statement, which I believe citizens generally would like to read, since it deals with the complicated and comprehensive issue now before the Senate.

Even Senators who say they will oppose the bill have indicated they believe this significant decision should require much more consideration and discussion. The ramifications are far reaching.

Until the supply is exhausted, I believe that citizens generally would like to get copies of the hearings on S. 2310 held by the Committee on Banking and Currency. For those who care to write for them or to get them from the U.S. Government Printing Office, those hearings are known officially as "Hearings Before the Committee on Banking and Currency, United States Senate, 88th Congress, 1st Session, on the Bill S. 2310." These hearings were specifically held on November 20, 21, and 22 of 1963. They are available, without charge, from the offices of Senators, or from the committee as long as the supply lasts. They will be provided upon written request, first come first served.

We are dealing with a monumental and a significant issue. It is not at all a question of whether we will extend credit on wheat sales to Russia, Hungary and other interested Communist countries. It has been correctly said in this debate that we are trying to determine whether to adopt an entirely new trade policy toward Communist countries, which differs—as night differs from day—from the prevailing trade policy toward Communist countries which we have supported here in Congress for 15 years without a break.

The Senator from Nebraska has pointed out that Congress has reiterated its position in vote after vote after vote. I do not know how individual Senators voted but it can be ascertained since it is in the CONGRESSIONAL RECORD. It is a public document. I am sure, however, a majority of Senators voted for the Battle Act, for the Johnson Act, for the Latta amendment, and for the reservations in Public Law 480, because those laws could not have been enacted unless a majority of Senators voted in favor.

We are now called upon to change this entire policy which has prevailed and served freedom well for over 15 years.

Concerning the wheat question, I have been handed a ticker tape, a UPI release, from the Senate cloakroom which states:

Defeat of the Mundt bill would not guarantee conclusion of any wheat sales to the Soviet Union, a private grain trader said today.

The trade executive said the major stumbling block in negotiations between U.S. grain firms and Russian spokesmen has been shipping costs, not credit. The shipping cost issue grows out of the fact that the United States has insisted that half of any wheat sold to the Communist bloc must go on American ships at rates above those currently charged by foreign ships.

Two weeks ago, shipping rates under the 50-50 "package" plan averaged \$3 a ton higher than foreign rates, the trade expert said. Since then, foreign vessel rates have dropped and the gap is probably about \$4-\$5 a ton today, he estimated.

The trader said actual wheat sales to the Soviets would depend "on how badly they need the wheat."

So we are not talking about the wheat problem. They might not make a wheat deal even if the Mundt bill, so-called, is defeated, because the shipping cost problem is also very directly involved. Neither are we talking about a single request from a single Communist country. It has properly been said that this is a question of foreign policy involving over-all trade policy. For example, in a letter dated November 18, Dr. Walter Sauer pointed out that in addition to the requests from Hungary, and from Russia, we have requests for a \$1 million extension in credit to Bulgaria—a Communist captive, a Communist satellite; \$1 million for Communist Czechoslovakia; and about \$700,000 for East Germany, all prior to November 15, which was the cutoff date which by the unanimous-consent agreement the Export-Import Bank decided they could use in order to hold the line.

They have performed an excellent service in keeping faith with Congress. So for 2 weeks we have had a hiatus—an armistice—in this extension of credit while the Senate has been given the opportunity to discuss the issues.

Seldom in a Senate debate have the issues been so clear. Every Senator can certainly vote in clear comport with his own conscience and his own judgment what he considers to be the judgment and attitudes of his constituents.

Not many arguments remain about the facts. It is recognized that this legislation, S. 2310, does one thing and one thing only: It forbids the Export-Import Bank from extending public credit—the credit of the American taxpayer, the credit of the Government Treasury—to Communist countries for any purpose whatsoever, including the purchase of goods in America. They cannot borrow American taxpayers' money to pay their United Nations debt. They cannot borrow money for some other function that they might have. They cannot obtain a credit guarantee. They cannot get a credit extension from our Government for purchases in the United States. We all agree on that.

We all agree it is not related to the wheat deal or to the corn deal in any way, shape or form, except insofar as extension of credit is concerned. If the transaction should be made for private credit, for cash dollars, or for gold, as Senators were led to believe, and as Sylvia Porter reported in her syndicated column, and as carried in editorials all over the country, the wheat deal would go through.

Nothing in S. 2310 would interfere with any aspect of commercial trade at all except putting public credit, through taxpayers' money, behind the good faith, good credit, and good intentions of Communist dictators who might be buying supplies of all kinds in the United States.

In the third place, it is agreed, that a significant change in basic policy is involved in the vote Senators will cast in another 30 minutes tonight, and by that vote we will decide which policy we support—unlimited extensions of Government credit or credit insurance to Communist countries to make purchases here and for other purposes, or a continuation of our restriction of trade policies on Communist countries, which has been the basis of American trade and foreign policy for more than 15 years.

I thoroughly agree with the Senator from Minnesota [Mr. HUMPHREY] when he says that he believes this matter deserves a great deal of study. There are many factors that need to be analyzed. As a result of the last 8 hours of debate, every Senator knows much more about this subject than he knew before. Senators know more about it as a result of the action on my amendment proposed to the foreign aid bill, when a week ago Thursday, by a vote of 46 to 40—Senators will remember how they voted—the Senate, on a yea-and-nay vote, voted not to kill the majority leader's proposal to stop this extension of trade credits with the Soviet Union and other Communist countries. You will find that rollcall vote on page 21894 of the CONGRESSIONAL RECORD of Thursday, November 14.

We are still getting the facts, but we do not have them all. That is why I advocated the day the proposed wheat sale was announced that we hold a Free World Trade and Aid Conference. The President of the United States, the Secretary of State, the Secretary of Commerce, or some one else speaking for the Government would call together representatives of the free world exporting countries and say to them, "Let us have a constructive program; let us cooperate. Let us develop programs and policies which are consistent. Let us decide to sell to the Communist countries in one great big carnival of rivalry, to see who can sell the Communists the most goods, closest to the strategic items, at the cheapest prices, with the longest credit," if that is to be the new free world policy.

I would hope that our spokesman at such a free world trade-aid conference would resist that policy and that they would try to persuade the free world to continue following the restrictive trade policies we have followed in our country, but which we now propose be violated for the first time. We shall indicate what we would do to break it or support it by our vote on the bill S. 2310 here on the Senate floor tonight. Our individual and collective decisions are momentous. We should make them carefully.

I should like to add, too, that I would hope that if that free world trade-aid conference is called, during the interim, the new administration in the White House would come to Congress with some constructive and consistent programs

which would relate to our trade and foreign aid programs.

Finally, we are agreed on what we are trying to decide by the vote tonight. We shall decide whether it is proposed to deal with the Communists on a private basis or on a government-to-government have put the wholly American-owned Export-Import Bank into the guaranteeing of credits to the extent of this \$250 million proposal. We shall have done that plus a great deal more. This quarter of a billion dollars would be backed up by a growing list of licenses and requests from producers, manufacturers, and fabricators of all kinds trying to get in on the act and to get an extension of Government credit insurance, so they can profit with safety and surety from a growing list of supplies privately sold to the Communists. On each such credit sale to Communist dictators, however, the American taxpayer and he alone would take all the risk.

Since we had this debate a week ago, we have learned that the Soviets are now in this country trying to find some way to get alcohol into Russia so that they can maintain their supply of vodka that they make from it.

I wonder how many church people who originally wrote in to say it was a good idea to have sales of wheat to Russia now like to find themselves cosigners of a promissory note with Nikita Khrushchev so that the extension of Communist credit is guaranteed by God-fearing, church-going Americans in order to buy booze for the people of Russia on American public credit.

That potential transaction is involved. That is how far one can slip and slide, and drift into a policy which nobody has planned in advance.

I do not believe a program of this kind should be decided by drift, by easy expedience, by backing away from a position because the program will not quite work.

The exporters, the international grain dealers, will not give credit, so it is said, "Let the international bankers do it." But it will not quite work. The international bankers are too cautious about the welfare of their own stockholders in the banks.

All I ask is that Senators be as careful about the interests of their constituents and of the taxpayers as the bankers of New York City are conscientious and careful about the interests of their stockholders. They would not grant the credit, so from easy expedient to easy expedient we drift into a constantly changing position, and now we find ourselves trapped by inadvertence, without planning, in a sharp breakaway from the foreign trade program which has served America so well, in fact, that if we refuse to retreat from victory in the cold war at this point we find great cracks showing up in the economies of the Communist-bloc countries. So they come to us to purchase the supplies they most desperately need and they seek to buy them on credit which is guaranteed by the Treasury of the United States.

I am positive in my own mind that the Communists will buy the wheat for cash if we do not extend credit to them, because they need it to supply wheat to fill

their promises to Castro, to Red China, and to the other Communist satellite countries.

The PRESIDING OFFICER. The time which the Senator from South Dakota yielded to himself has expired.

Mr. MUNDT. Mr. President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 5 additional minutes.

Mr. MUNDT. Mr. President, this issue involves a trade policy which, in relation to our foreign aid and assistance policy, it seems to me presents an argument and a trial of evidence as clear as the path to the country schoolhouse.

Does anybody really believe that this great, rich Nation of ours can finance both sides of the cold war at the same time?

Now having appropriated more than \$100 billion to help the free side of the world to grow strong against communism, can we turn to the Communist bloc and say, "We are going to aid you, too. We are going to extend you credit on cheap terms, at lower interest than you would pay anywhere else. We are going to put the faith and honesty of the American taxpayer behind you and your good faith, to make sure that you will pay for the credit, so as to assist you and to make you strong enough to intimidate the free world which we have been helping, so that we can be required to help that free world some more."

If we should become involved in that kind of suicidal cycle, there will be no end to it. All I ask is that the Export-Import Bank be required not to write foreign policies as a board of directors but to give us time to develop a consistent policy here in Congress where such great national policies should be debated and decided by the elected representatives of the people of this country.

As the Senator from Kentucky [Mr. COOPER] so eloquently put it, this is not a decision which we can duck, for it is before us now. If we approve S. 2310, we shall hold the line and prevent our trade policy from being decided by inadvertence, by slippage, and by drift.

We shall give the House an opportunity to hold hearings. The administration viewpoint, representing that of the new President, can be heard before the committee. There would be an opportunity to hold a free world trade-aid conference with the free nations of the world looking to the development of a consistent and cooperative free world trade policy vis-a-vis the Communist world.

I have been handed, on the floor of the Senate this evening, a note from Representative WILLIAM B. WIDNALL, of New Jersey, who introduced the companion bill to S. 2310 in the House. He passes along the word from Congressman WRIGHT PATMAN, chairman of the House Committee on Banking and Currency, that they are ready to start holding hearings and ready to start action next week on the House version of this bill, the companion bill.

That will give the new leader in the White House an opportunity, as properly should be done, to express himself in connection with this program and the

proposed new policy, which would violate entirely the concepts established by Congress, which have been followed for more than 15 years. Clearly, extension of credit guarantees to Russia would sabotage our entire foreign aid program and the cold war program which is beginning to work sufficiently well so that the Russians are swallowing their pride and coming to us to say, "We desperately need alcohol for vodka. We desperately need wheat and corn and other products to supply our Communist allies and friends and associates with the assistance we have promised them."

They seek oil pipe. They seek trucks and tractors. They have a backlog of a group of license requests, which they wish to buy if our Government will extend the credit. In my opinion, the Communists are more interested in establishing a line of credit in this country than they are in purchasing any single one of the individual supplies, in which they have expressed an interest.

I ask Senators to reflect carefully upon whether or not we should guarantee Red credit, upon whether or not we should provide faith in them as debtors.

If I had had more time, Mr. President, I expected to allude in some detail to the testimony of a great American, Dr. Gerald Steibel, of the Research Institute of America, New York, who serves there along with other illustrious Americans. He is recognized by the Senator from New York [Mr. JAVITS] who introduced him, even though he opposed his point of view, as a great contributor in this field. The Research Institute he serves is headed by Leo Cherne and Carl Hubbard.

Let me tell Senators what Dr. Gerald Steibel said, as shown on page 72 of the printed hearings of the Senate Banking and Currency Committee, which I hope the public generally will read.

He said:

When we grant credits—and the fact that the Export-Import Bank merely insures someone else's credit is not significant—we are announcing our faith in the debtor. In ordinary commercial transactions, this faith generally extends only to the prospect for repayment; in this transaction it inevitably goes much further: We are saying that we are expressing faith in their system—

I ask Senators to listen. We are told by this high international authority that if we permit Russia and her satellites to get this credit we shall be expressing faith in the Communist system.

The PRESIDING OFFICER. The time yielded by the Senator from South Dakota has expired.

Mr. MUNDT. Mr. President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 5 additional minutes.

Mr. MUNDT. Mr. President, I inquire as to how much time I shall have remaining after the 5 minutes is gone.

The PRESIDING OFFICER. After the 5 minutes have expired, the Senator will have an additional 8 minutes remaining.

Mr. MUNDT. I thank the Presiding Officer.

Mr. President, I reiterate that because it is important. This is not some ordinary individual expressing an ordinary

point of view. This is Dr. Gerald Steibel, who serves with the great Research Institute of America, who has pointed out to us what we are being called upon to do when we are asked to vote against S. 2310. It is to express faith in the Communist system—the godless, atheistic, pagan, aggressive system which has done so much to bring heartache to so many, and which, on our own soil, so badly served the cause of decency just recently in the tragedy that befell our Nation Friday.

This is an important issue.

We are saying—

According to Dr. Steibel—

that we are expressing faith in their system, because we are doing more than selling them commodities; we are aiding them to ride out some very fundamental internal troubles.

It seems to me that what we should do in this kind of situation is to take a little time, so that all of us can fully understand the ramifications, and so that the people at home can clearly understand that they are being called upon to underwrite and guarantee the credit of the Communists.

If the Senate approves S. 2310, it will not undercut anybody. I could not disagree more with my good friend the Senator from New York. We are not in any sense voting a lack of confidence in anybody, either President Kennedy or President Johnson.

This problem developed under one President. Tragically enough, it is now being considered under another President. It does not represent a repudiation of either of them. There is no place along the line where either of them is on record, that I know of, as advocating the extension of public credit to Communist dictators in this fashion—growing into a multi-hundred-million-dollar and then multi-billion-dollar program. We have slipped into this situation. I am sure the proponents spoke in good faith when they talked about a cash transaction to begin with, but since then we have drifted without plan or design into something entirely different.

The proposed legislation was first considered last Thursday. We are all aware of the heart-breaking circumstances which have intervened. Now more than ever, I submit, it is important for America to have time in which to examine and explore the farflung consequences and ramifications of a new trade policy toward communism, which involves the extension of public credit and the placing of every American taxpayer on a promissory note with Communist dictators, to underwrite their good faith, their good credit, and the value of their system.

By passing S. 2310, we shall provide for a period of reexploration and of reexamination. We would do nothing regarding the sale of wheat and corn except to forbid the Export-Import Bank from guaranteeing the credit with taxpayers' money. Sales for cash and for private credit would continue without interruption.

I would hope that, during the period of careful consideration of all the new policy involves, we could have a free

world trade-aid conference, such as I have recommended consistently throughout, since the very first day the wheat proposal was suggested.

I would hope that such a conference would bring about results that would be helpful to the free world, because, after all, communism is a threat to every other member of the free world, as it is to us. If it failed, we could still reexamine the situation, because we recognize that we alone cannot blockade the Soviet Union; we alone cannot succeed in applying economic sanctions.

We have been able, at the end of 15 years of exhaustive and expensive effort, to produce cracks in the Communist world, and we see them calling on us for assistance. Should we encourage them by giving them credit, so they can be strengthened again, to attack us again? That is possible, but it must not be done with the credit of the good taxpayers of America. In my opinion, it should not be done at all.

Let it be clearly understood that a rejection of S. 2310 and a congressional decision placing us on record as favoring the insurance of credits advanced to Communist countries would be an irreversible decision. If this measure were approved, it would not be an irreversible decision. The President could send to Congress next week, or next month, a specific request for an amendment to the Export-Import Bank; and I suspect that Congress would respect such a request. Approval of S. 2310 is not an irreversible decision. But a decision now to reject S. 2310, relating to guarantee of credits from the Export-Import Bank, would be irreversible.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MUNDT. I yield myself 3 additional minutes.

The PRESIDING OFFICER. The Senator is recognized for 3 additional minutes.

Mr. MUNDT. It is irreversible because once we have extended credits of three-quarters of a billion dollars on the guarantees of the Export-Import Bank, we have started down a trail from which we cannot turn back.

We cannot extend credit for a series of payments, and then suddenly call a halt. If this country did that, it would certainly have lost \$250 million, because if we told the Soviet Union that "We do not like you any more; we are not going to extend any more credit," we could not expect her to pay the three-quarters of a billion dollars on which we would already have guaranteed her credit.

We would look strange and inconsistent before the world in first voting one policy and then rejecting it.

Before we make that irreversible decision, before we give the green light to the Export-Import Bank to put the credit of the United States behind the decision of the Russians to buy supplies and merchandise from us, is the time to make the decision that the policy should be further considered before we make such a sharp break with a policy we have successfully followed more than 15 years.

If we could obtain counsel from the new President, if we could have deliberations by the Foreign Relations Committee, and perhaps the Agriculture Committee and the Banking and Currency Committee, and if it were then decided to be good and sound policy to extend credit to the Russians, that would be the way to make the decision. That is why I say we should carefully consider retaining this trade policy which has served us so well for many years.

The PRESIDING OFFICER. The time the Senator has yielded himself has expired.

Mr. MUNDT. Mr. President, how much time have I left?

The PRESIDING OFFICER. The Senator from South Dakota has 5 minutes remaining.

Mr. MUNDT. I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 2 additional minutes.

Mr. MUNDT. Once started down the sorry road of placing the good credit of the Government and of the American taxpayers behind a loan, on the signature of an atheistic Communist dictatorship, we cannot turn back. But now we can think a while. We can have another opportunity—which we should have—to consider more carefully whether we should get rid of a policy which has proved to be sound for so long.

Watch the rapidly ballooning requests of Communist countries for other products, including manufactured goods, and such other products as I have mentioned, if we go down this road. Once we have started, where can we possibly call a halt?

Let us not make an irreversible decision on the basis of drift or expediency, or on the basis that we are going to do it because it would meet certain temporary problems. Let us make a decision of this significance on the basis of Senators responsibly grappling with the issue, as they did on the issue of the test ban.

What is our program to be? Is it to be one of aid to communism? Are we to treat the Communist world the same as the free world, and give aid, succor, and assistance to both? Or are we going to continue to use some economic pressure on Russia to get out of Cuba, or to bring some stability back to Vietnam, or to Berlin or to establish a workable arrangement under which we do not yield and yield and concede and concede and make available to them, at our credit, the things they both need and want?

We can make that wise and prudent decision by supporting S. 2310, and holding the line, thus giving the new Executive in the White House an opportunity to make recommendations. If Congress can have committee hearings to take another look at this question, we shall not have lost anything. But if we take the wrong step irrevocably because we are emotionally upset, or pressed for time, or for other reasons, we may scuttle a program which has cost us \$100 billion, and which has brought us to the verge of success in this long and extensive cold war against the Communists. Let us not retreat from success.

Mr. President, I ask unanimous consent to print at this point in the RECORD six items of interest which are pertinent to this debate.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Plain Dealer, Nov. 22, 1963]

#### WHEAT DEAL BASED ON CREDIT

Senator KARL E. MUNDT, Republican, of South Dakota, has done a public service by bringing out into view the terms under which Russia would buy wheat from American grain merchants.

This isn't a commodity-for-gold or hard money transaction as the public might believe. In effect, the United States would be dealing in credit and footing much of the bill.

Treasury Secretary Douglas Dillon, who wants the wheat deal to go through, has admitted before a Senate committee that the Soviet Union would pay only 25 percent down of the purchase price and has demanded 75 percent credit to be underwritten by the Export-Import Bank.

Senator MUNDT claims this would be an unprecedented use of public funds to guarantee payment of private commercial accounts owed by Communist-bloc countries. Russia owes \$805 million in war loans from two wars, including lend-lease, although its record for paying commercial debts is good.

The Export-Import Bank, an independent agency of the U.S. Government, has a legal right to make the \$250 million deal. The point raised by Senator MUNDT is whether it is wise for the Bank's Directors to extend what is called "normal commercial credit" under these conditions which, until he raised the issue, were comparatively unknown to the American public.

In the light of these new revelations, the wheat deal should be reappraised.

#### NEWS RELEASE

NEW YORK.—Keith Funston, New York Stock Exchange president, last night called for more trade of consumer goods with Russia but "only if they pay cash on the barrelhead."

Funston made the comment on his return from the Soviet Union which he visited with 20 other top American businessmen.

In urging trade on a cash basis only, Funston said that "If we get their (Soviet) gold in return, they will not be able to use it to stir up trouble in the rest of the world."

He said he felt trade on the basis of long-term credit with Russia would be a mistake. He said short-term credit could be possible in lieu of gold payments.

[From the Dallas Morning News, Nov. 19, 1963]

#### BACKING DEADBEATNIKS

Should the United States guarantee the credit of its worst enemies, many of whom are also the world's leading deadbeats?

Senator KARL MUNDT says no. His amendment to the foreign-aid bill would prohibit the Export-Import Bank, a Government agency, from guaranteeing that the Reds will pay for private grain sales to the Soviet bloc. The liberal leadership of the Senate termed this guarantee just a normal business practice.

Is it? The Export-Import Bank was set up to promote U.S. export trade. In most deals with foreign countries, even those who are our allies and who have good credit, the Bank guarantees only half of the credit extended by private U.S. banks to the foreigners. This means that the banks assume half of the risk that the borrower will not pay off.

The Wall Street Journal reported recently that large U.S. banks had balked at taking

half the risk of lending money to the Communists for the grain deals. Therefore, the Government Bank is expected to back 100 percent of the Reds' credit.

The private banks' reluctance is understandable. The Reds aren't too worried about what they owe.

According to Texas Congressman JOHN DOWDY, who queried the General Accounting Office: As of June 30, 1963, the Soviet Union owed us \$621 million on debts running back to 1917, an additional \$10.8 billion for lend-lease prior to the Japanese surrender, another \$205 million for lend-lease goods not delivered until after the Japanese surrender.

In view of that record, should the Export-Import Bank guarantee the full amount of the money loaned to the Communists? Asked about this special treatment for the Soviet bloc, a bank official said: "I guess we just want to sell surplus farm commodities that much."

Thus, we would be backing to the limit the credit of those who have already run up billions in bad debts.

If the Reds should default on payments, as they have in the past, a U.S. Government agency would be left holding the bag.

Some legitimate argument has been made in the past about our Government's guaranteeing some return to U.S. private industry when it invests abroad, makes loans or enters into private deals.

But use American tax funds to guarantee anything with respect to Russia? Such a guarantee would be an open invitation to Soviet thievery. It also would amount to public financing of our own destruction.

[From the Wall Street Journal, Nov. 20, 1963]

#### HOW TO WIN THE COLD WAR

It is a bit embarrassing for the Russians to be running out of their national drink. Especially when, as Mr. Williams reported in this newspaper, they are turning to the United States to explore the possibilities of buying enough alcohol to make enough vodka.

Conversely, what a cold war opportunity for the United States. Instead of wasting hundreds of millions on dubious enterprises like Indonesia, we should give, not sell, the Russians so much alcohol they could swim in it. This would further impair the economy and keep the Government permanently befuddled and off base. With such an imaginative initiative, our foreign aid program might finally get somewhere.

On second thought, maybe it would not help much. Even without any extra vodka, Kremlin policies often seem woozy enough.

[From the Washington (D.C.) Evening Star]

#### UNITED STATES WHEAT FOR RUSSIA ON CREDIT (By David Lawrence)

If the American people were asked to vote in a referendum as to whether they would like to see the U.S. Government lend money to the Soviet Union to buy wheat—which, in turn, could make possible the shipment of Russian grain to Red China or Cuba—it can hardly be doubted that the verdict of the electorate would be overwhelmingly in the negative.

The Congress of the United States today is considering whether or not to pass a law prohibiting the Export-Import Bank—a U.S. Government agency—from guaranteeing the recently proposed transactions for the purchase of wheat by the Soviet Union. So the people's representatives will soon have an opportunity to approve or disapprove the measure.

When the proposal to sell wheat to Russia was first announced, President Kennedy said it was to be a private transaction and "does not represent a new Soviet-American trade policy." But a few days later, it became apparent that a misleading impression had been conveyed. Senator KARL MUNDT of

South Dakota, Republican, told the Senate Committee on Banking and Currency yesterday:

"The financing arrangement for these sales to the Communist countries does represent a new departure—the U.S. Government and the taxpaying citizens of this country are assuming full credit risk for these sales. Any loss sustained by the seller of the grain or the banks financing the sales by extending credit to Russia, Hungary, or other Communist-bloc countries is insured by the Federal Government through its Export-Import Bank.

"Now I presume the reason that the Export-Import Bank was brought into this transaction to guarantee payment of the obligations assumed by Communist countries for payment for this grain is that no commercial banker or exporter is willing to assume the credit risk of repayment involved in sales to Communist countries. The private exporters and bankers are reluctant to extend their own credit in order to get the profit and income they will receive from these transactions. That is, they must regard the transaction as a bad risk and the Communists as unsafe debtors."

The South Dakota Senator said that, while President Kennedy had declared that American grain would not go to Cuba, the wheat "will simply become a substitute in Russia for the Russian grain which has been promised to Cuba and the other Communist countries," Senator MUNDT added:

"The Cubans will eat Russian grain and the Russians will eat American grain bought from American traders on credits.

"The way, therefore, seems to be opened for us to make possible the feeding of our enemies in Cuba, in Red China, and elsewhere even if we were all to agree to the shibboleth that Russia is not an enemy since Russia could use at home the specific bushels of wheat we sell her on U.S. Government credit while shipping to our other Communist adversaries the Russian wheat which our American wheat replaces.

"The American people and their Congress were led to believe that this grain sale would be a commercial cash transaction with private traders and bankers assuming any credit risk in return for a profitable sale and an interest-bearing loan."

Pointing out that the President, in his October 9 news conference, had declared that "The grain dealers will take the risks with the private banks," Senator MUNDT said it now turns out that the Government itself will assume the risk.

Senator MUNDT is the author of the pending bill which would cover credit extensions on the sale of any products to all Communist-bloc countries. He insists that the passage of the bill would not interfere with the planned sales of wheat and grain to Russia and her satellites, "provided the sales are for cash, for gold or for American dollars, provided the granting of credit to the Communists is privately extended."

The problem of furnishing economic aid to countries that are potential enemies has plagued the Western allies for many years.

Senator MUNDT, in his speech this week, said: "Unfortunately, desire for profit—sometimes in the form of thinly disguised human greed—has made it difficult for the United States to enforce this policy of restricting trade with the Communist bloc or even to win the support of the foreign countries which we aid with our foreign assistance programs."

It is true that some of the allies of the United States—including those who have been receiving foreign aid—have been steadily increasing their trade with Russia and the Communist-bloc countries. This has produced resentment in Congress. The question of trading with the Communist countries is likely to be a major issue in the next several months.

[From the U.S. News & World Report, Nov. 25, 1963]

# THE COLD WAR IS A WAR

(By David Lawrence)

Every now and then a wave of "euphoria" sweeps this country. This is the word often used nowadays in official parlance to describe the feeling that ensues after Moscow makes one of its periodic gestures of "peace." Promptly, each such move is hailed as the beginning of another era of "friendship." But just as America settles down to occupy itself with matters of internal concern, the Soviets suddenly provoke friction and we discover that it isn't "peace" after all.

Does the fault lie with us? We are so eager to interpret any seemingly friendly move as a genuine act of good will that we lean over backwards to join in the "euphoria" or buoyancy of spirit which is engendered by such tactics.

Realism demands that we take a good look at what is happening around the world and that we do not allow the impression to be built up that we are so eager for a crumb from the Soviet-concocted recipe of "co-existence" that we are for "peace at any price."

The Government which speaks for us presents to the world the image of a nation that sincerely wants peace. But the sad lessons of history tell us that supineness or appeasement is the very thing that causes an enemy to miscalculate. A lack of resoluteness at decisive moments eventually brings on wars.

The President of the United States by his speeches may choose to reassure his own people that they are making progress toward peace, but at the same time this overanxiety to produce an impression of achievement convinces our enemy that the necessary steps to vindicate our position may not be taken.

We shall, of course, use military force if attacked. But, because the whole American policy is based on the idea that we shall await attack, the man in the Kremlin has the advantage. He can bluff and bluff, extort concession after concession, and make his own people, as well as the people of the Communist-bloc countries, believe that the United States is steadily bending to his will.

The politicians who have been getting ready to extol Mr. Kennedy in the 1964 presidential campaign as the preserver of world peace do not like to advise him to take any steps that would "escalate" the situation. "Escalate" is another word in the official vocabulary in Washington. It refers to the sequence which may develop when one country takes a firm stand anywhere and the other side promptly reacts with some form of retaliation. The theory is that such successive steps now could lead to a nuclear crisis.

This permits Nikita Khrushchev to call the shots in the game he plays. For if he can terrify the United States by taking the initiative around the globe, he is accomplishing his major purpose—to anesthetize American policymakers while he pursues his acts of aggression.

It is easy to characterize every proposal for firmness as a desire "to bring on war." Military preparedness, however, is meaningless if the enemy believes force will never be used unless a nuclear attack is made.

What should the President do? First—and most important of all—it is essential that the whole truth be told the American people. Many of the notes exchanged with Moscow after the Cuban missile crisis have never been made public. Mr. Kennedy told a press conference recently that all the Soviet troops are being withdrawn from Cuba and that the evacuation soon will be completed. The Soviet official newspaper, "Izvestia," however, says no such promise was ever given.

The basis for a sincere friendship has never yet been established. Until it is, we shall be

involved—as the Soviets are—in "brinkmanship." This can lead to mistakes and miscalculation.

The time has come for the United States to abandon the realm of secret diplomacy and tell the whole world—including the Soviet people—what is going on. The negotiation of the nuclear test ban treaty was given wide publicity, but the factors which are every day depreciating the value of such an agreement and creating distrust are being handled in the routine of formalized diplomacy.

Meanwhile, the Soviets are vigorously fighting the "cold war" on every front—in southeast Asia, in the Middle East, in Eastern Europe, in Latin America, in Africa, and in the Far East. We, on the other hand, are striving merely to bolster up certain "underdeveloped" nations with "foreign aid," even as some of these same countries play one side against the other.

If we intend unwittingly to forfeit the chance of winning the "cold war," then our lassitude and loose policy are understandable. If we mean to fight the "cold war"—for it is in every sense a war, inasmuch as many American lives have been sacrificed on certain battlefronts in the last few years—then it is time to bring the fight out in the open and let the world know of the schemes and duplicity of the Soviet Government.

If the enemy is permitted to push us around, there can be no peace. For the "cold war" is not peace. It is a state of war.

Mr. MUNDT. Mr. President, I have 3 minutes remaining. I should like to yield to the Senator from Colorado [Mr. DOMINICK]. The Senator from Colorado is a member of the Banking and Currency Committee, and wishes to speak. After that, we shall have exhausted our time. I call this to the attention of the Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. I had in mind yielding to the Senator from Colorado so he could place certain material in the RECORD.

Mr. MUNDT. If the Senator from Colorado needs more time, perhaps the Senator from Alabama will be charitable and yield him a little time.

I yield the remaining time to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado is recognized for 3 minutes.

Mr. DOMINICK. Mr. President, I thank the distinguished Senator from South Dakota. I did not intend to speak immediately following the superb speech he made. I should like to bring out only one or two matters that he may have overlooked or may not have emphasized. I attended every one of the hearings in the Banking and Currency Committee and participated in the process of examining the witnesses. Representatives of every single commercial bank involved told us they would not put this type of bill up before their stockholders or their investors or depositors because the political risks and/or the commercial risks were too great. As a result, they said that without the Government guarantees they would not be involved in this transaction. It is to be presumed that if they were to participate in it at all, the deal would be for cash.

The bankers themselves, and we in the Senate, unless we pass the bill, come to the obvious conclusion that, although those who are most experienced in this field are unwilling to take the risk on

behalf of their investors, the taxpayers should take the risk instead.

That is the main issue. That is the question before the Senate.

Secretary Dillon testified explicitly in the hearings that the commercial banks would not go through with this loan because of the political risks involved; the trouble on the autobahn and trouble with the Berlin wall were so great that no commercial bank should be asked to take the risk. But we are asking the taxpayers to take it if we do not pass the bill.

The next thing I should like to point out is that we have not asked, in the process of these negotiations, for a single concession in return for supplying the wheat. We are selling it on credit terms which the Canadians were unwilling to give the Soviets. We provided lower interest rates. As a result of the Canadians' standing firm on their interest rates, the Soviets paid 80 percent cash.

We have not had a single concession, either commercial or political, and we are selling the wheat at a lower price, in terms of credit, than would have been necessary if we had stood firm or tried to have a palatable consideration.

Mr. DOMINICK subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD a statement following my previous remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

## STATEMENT BY SENATOR DOMINICK

As one of the members of the Senate Banking and Currency Committee who followed the hearings on this bill from beginning to end, I think there are several significant factors brought out in these hearings which should be emphasized in support of this bill.

First. The proposed sale of American wheat to Soviet Russia and other nations of the Communist bloc is not a subject which has suddenly come before us in the past several months. In fact, in June of 1961, the Department of Commerce announced that it was going to issue export licenses to ship subsidized agricultural commodities to the Soviet Union and Communist bloc. This announcement of policy was immediately met with adverse responses in the Congress. At that time, the House was considering a bill which later became the Agricultural Act of 1961, as amended. When the bill reached the floor of the House, Representative LATTI, of Ohio, introduced an amendment to section 2 of that act declaring it to be the policy of Congress to "section (c) expand foreign trade in agricultural commodities with friendly nations, as defined in section 107 of Public Law 480, 83d Congress, as amended (7 U.S.C. 1707), and in no manner either subsidize the export, sell, or make available any subsidized agricultural commodity to any nations other than such friendly nations and thus make full use of our agricultural abundance."

Apparently, this move discouraged the Department of Commerce from issuing export licenses for this purpose until recent months when the Soviets began exploring the purchase of surplus American wheat, and other countries in the Soviet bloc began similar explorations for the purchase of wheat and other subsidized agricultural commodities.

The Attorney General, in his opinion quoted on pages 27-32 of our committee hearings, passed this off as merely a declaration of policy of Congress which may or may

not be binding upon the executive branch. Admittedly, the policy declaration in the Agricultural Act of 1961 does not pose as a strictly legal impediment in the sale of wheat to Soviet Russia. Nor does it pose any legal impediment to the Export-Import Bank to insure a loan granted pursuant to such a sale. However, it is clear that Congress was already on record as opposing sales of such commodities regardless of the terms of the sales. The amendment to the Agriculture Act of 1961 was accepted by the Senate in conference and it became a part of the law.

During the course of the hearings held recently before our committee, I questioned Mr. Linder, President and Chairman of the Board of the Export-Import Bank, about this matter:

"Senator DOMINICK. Now, Mr. Linder, you are aware, are you not, of the provisions in the Agricultural Act of 1961, in which Congress sets out its position against the sale of subsidized agricultural commodities to the Communist bloc?"

"Mr. LINDER. I have heard a little about it this morning, sir. I can't say that I was familiar with it before then, but beyond that, I have no comment."

"Senator DIMINICK. This also came up in 1961, during the time while the act was being amended and while you were being examined concerning this friendly foreign nation problem."

"It would appear that the Commerce Department made the statement that export licenses for sales of agricultural products were being considered."

"The Congressman from Ohio, Mr. LATTA, immediately introduced his amendment as part of the preamble of the Agricultural Act of 1961, and it was adopted by Congress to show it was the policy of Congress not to sell subsidized agricultural commodities to the Communist bloc."

"Now, you say you were not aware of this until this morning?"

"Mr. LINDER. I was not aware of it until this morning."

"Senator DOMINICK. Was this fact brought to the attention of your Board members?"

"Mr. LINDER. No, it was not part of any discussion I had."

"Senator DOMINICK. Was it brought to the attention of any members of the Advisory Board?"

"Mr. LINDER. No, it was not. But if you will permit me, Senator DOMINICK, I would like Mr. Sauer to comment on this, because of his greater background with the legal aspects of the situation."

"Mr. SAUER. Without being an authority on the particular provision that you mention, Senator DOMINICK, it is my impression that it deals with the price at which the wheat is sold. The Export-Import Bank did not participate in the discussions or negotiations on the sale of the wheat. We take up when the Department of Commerce has issued an export license. That is when we enter the transaction. We have nothing to do with anything that goes on before that time."

"Senator DOMINICK. I accept what you say at full value. My only comment is that it is amazing that the left hand doesn't know what the right hand is doing."

In all fairness, I believe, as stated by Mr. Linder, that his Board must be guided by the foreign policy as promulgated by the State Department. However, it is amazing to me that the Eximbank and its Board of Directors did not even consider a policy of Congress adopted in 1961 on the subject of wheat sales to Russia and the Communist bloc. As we know, the Eximbank has agreed not to act further on any proposals to insure loans to Soviet Russia or Communist bloc nations for the sale of subsidized agricultural commodities pending determination of this issue by the Senate.

Second. Throughout the hearings we heard every opponent to the Mundt bill refer to the reliability and the dependability of Soviet Russia as a good or excellent credit risk. The distinction was made that we should not consider Soviet Russia's default of World War I loans of \$621 million or its default on World War II obligations of \$205 million or the almost complete ignoring of about \$11 billion of lend-lease shipped to Russia during World War II. Even accepting this distinction, which I do not think is valid, we must remember that the Eximbank was set up by Executive order in 1934 in order to stimulate our trade with Soviet Russia. However, as we all know, it never began the function because the Bank and Board of Trustees took the position that credits should not be extended until the Soviets made satisfactory settlement of their debts to the United States. As I have already pointed out, the Soviets have never seen fit to do so. Isn't it ironical then that in 1963 we have to try to enact legislation which would prevent the Eximbank from insuring credits to the very nation and its dominated satellites that the original Eximbank refused to do business with.

During the hearings, I posed the following question in various forms to each of the witnesses: "If the Soviet Union is such a good credit risk, why does a wholly owned bank of the United States, using taxpayers' funds, have to insure short term credits to it?" The inevitable reply was that the commercial and political risks in dealing with the Soviet Union are too great and thus the Export-Import Bank ought to do it with taxpayers' funds. After all, Mr. President, all of the commercial bankers who came before the Committee to urge the use of the Eximbank in this transaction and in similar transactions are smart business men. They know and they admitted that as bankers their primary responsibilities are to their shareholders and depositors. They further admitted that the risks were too great to justify the use of their money to underwrite a loan to the Soviet Union or a Communist nation. However, they are perfectly willing to have the taxpayers of the United States underwrite it.

I think we, as elected representatives of the people of our States or districts, have an equal or higher responsibility to them and to ourselves as taxpayers to protect taxpayers' funds in the same way a bank protects its depositors and shareholders.

Third. There is no question that the proposed wheat sale to Communist nations insured by the Export-Import Bank is a new and radical departure from our present trade policies. The opponents of this legislation say that this is a one-shot deal, but all freely admitted that once this deal goes through, the precedent would be established to expand into other areas of trade with Soviet Russia and the Communist bloc countries, underwritten and guaranteed by the Export-Import Bank with taxpayers' funds. Recent information indicates that the Soviets and the Red Chinese have completed comprehensive cross-traffic railroad agreements providing for increased Soviet exports to Red China. In view of the fact that there is no method of policing where this wheat will go, it seems highly likely that we will be placing the American taxpayer in the position of guaranteeing Soviet credit so that the Soviets can supply the Red Chinese and the Cubans, with whom we have cut off trade completely. What irony that will be.

The passage of S. 2310 would not block the proposed wheat sale to Russia or other Communist nations. However, it would deprive these Communist nations of the benefit of credit insured and guaranteed by the American taxpayers through the Export-Import Bank. Indeed, the passage of this bill might encourage our negotiators to press for a cash

deal which was the kind of a deal we thought it was going to be in the first place. The hearings did not reveal that the negotiators for this deal set any political or commercial concessions from the Communists in order to get us to sell the wheat. In fact, the rate of interest on the loan now being proposed is lower than the rate of interest paid by the Russians on the Canadian wheat sale.

These and many other points inevitably lead me to support the bill strongly.

Mr. SPARKMAN. I yield 15 minutes to the majority leader.

Mr. MANSFIELD. Mr. President, will the Senator from Alabama yield me such time as I may need, with the proviso that at the conclusion of my remarks I will yield back the unused time?

Mr. SPARKMAN. Mr. President, I modify my statement accordingly. I yield such time to the Senator from Montana as he may require.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. GORE. This has been a vexatious question for me. I have been on the floor of the Senate practically the entire day, listening to the debate. I consider this really and in essence a basic foreign policy issue, with which it is proposed to deal piecemeal. It is the proposed action that would deal with the problem piecemeal. I believe it deserves full consideration, and not the precipitate action which is proposed.

Mr. MANSFIELD. Mr. President, last year, at the request of President Kennedy, the distinguished Senator from Delaware [Mr. BOGGS], the distinguished Senator from Rhode Island [Mr. PELL], our distinguished former colleague from Massachusetts, Mr. Smith, and I made a trip overseas. On our return we issued five reports, I believe, which we collectively agreed to.

In one of those reports, entitled "Berlin in a Changing Europe," dated January 28, 1963, we stated the following, under the subhead "U.S. Policies and a Changing Europe":

Our present position respecting Europe is one which tends to constrict our ability to deal promptly with change. We have, for example, stringently limited contact with Eastern Europe while Western European contact with that region has expanded. In the role of leaders of the Western camp we have made a great investment of resources, bureaucracy, military manpower, and prestige in Western Europe, and in the underdeveloped regions. We are heavily committed to certain evolving patterns of Western cooperation and it is not easy to face the possibility of a need for reevaluation and adjustment.

The distinguished Senator from South Dakota [Mr. MUNDT] made the statement—and I believe I am quoting him almost verbatim—that we should face this subject as serious-minded Senators.

I believe we are facing it as serious-minded Senators. As one who has indicated his support of the President of the United States and has praised him for his courage and his wisdom, I feel that at this time I should give once again some of the reasons which I gave in support of the proposal on October 10 of this year.

I said:

First. In the field of fiscal responsibility, it will bring into the United States in gold or dollars about \$250 million. It will thereby reduce the gold drain.

Second. It will reduce our surplus in wheat now being held by the Commodity Credit Corporation, and in so doing reduce costs to the Government and be a saving to the taxpayers. Incidentally, in the agriculture appropriation bill which passed the Senate over a week ago, approximately \$2.7 billion was voted for supports of various kinds—

This was said on October 10—

Third. In my opinion, it will firm up the price of wheat which under present estimates will bring \$1.15 to \$1.25 a bushel next year, instead of this year's approximately \$2.

Fourth. This wheat will not be diverted to Cuba or Communist China under the terms of the export licenses to be issued.

Fifth. This wheat will not be used for manipulation in the world markets.

Sixth. The wheat sale will be known to the Soviet people through the Voice of America broadcasts. I note on this morning's news ticker that the Soviet Union itself has informed the Russian people of this proposal.

Seventh. It will bring added employment to American shipping, longshoremen and railroad workers, as well as grain traders, millers, and farmers.

Eighth. It will be conducted through the normal competitive channels of the private American grain trade.

Ninth. Up to now the Soviet Union and Eastern European nations have been obtaining American wheat indirectly by purchasing from West Germany, France, and others, flour made out of American wheat sold to those countries in ever-increasing quantities.

At that time a meeting was held in my office, with 13 or 14 Senators in attendance. The purpose of the meeting was to discuss an amendment to the foreign aid bill which had been proposed by the distinguished Senator from South Dakota [Mr. MUNDT]. The Senator from South Dakota also was in attendance.

I consulted the President of the United States; and I should like to read a letter from him dated November 15, 1963. The letter is not signed, but it was dictated and dispatched to my office by the late President of the United States. The letter reads as follows:

THE WHITE HOUSE,

Washington, D.C., November 15, 1963.

HON. MIKE MANSFIELD,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MANSFIELD: I write to urge in the strongest terms that the Senate should not approve any amendment to the foreign aid bill which would prohibit the use of credit guarantees for trade with any Communist country. It would work against the interest of the United States in crippling the American exporter in fair competition with other free countries for nonstrategic trade with the Communist world. The principle of such an amendment would jeopardize not only the projected sale of wheat to the Soviet Union, but possible sales of important quantities of other products like tobacco, corn, and cotton.

If this amendment is adopted—

Incidentally, the pending bill is merely an extension of that amendment—

If this amendment is adopted, it is not primarily Communists who will be damaged, but the American producer and exporter. The Export-Import Bank exists to promote

the trade of the United States. Its professional judgment is that the state credit of the Soviet Union and of other Communist countries is sufficiently reliable to justify a guarantee in support of U.S. exports. The judgment of the Bank on such matters of credit over a 29-year period has been outstanding—less than 1 percent is now in default on total credits of \$11 billion—and in this process the earnings of the Bank after all expenses have been over \$800 million.

It is anticipated that the proposed sale of wheat will be made for payment in gold or dollars, either in cash or on short-term credit not exceeding 18 months. The reinforcement of our balance-of-payments position which such a sale will provide is obvious. The Export-Import Bank will, as usual, charge an appropriate fee for any guarantee.

The proposed sale of wheat still depends upon negotiations between the Soviet Government and private traders. The availability of credit on normal commercial terms may be a central element in this negotiation. The interests of the United States will be advanced by a successful completion of this sale. The American farmer, the American exporter, the American shipping and railroad industry, and the American citizen concerned with the strength of our balance-of-payments position should all support this proposed sale. The guarantee of the Export-Import Bank is a normal element in a transaction of this sort, and to prevent such a guarantee by a legislative rider at this delicate stage of negotiations would be an act against the national interest.

Sincerely,

JOHN F. KENNEDY.

Mr. President, earlier today I informed the distinguished Senator from South Dakota, through the distinguished minority leader, that it would be my purpose to make a motion to table his bill.

I therefore yield back the remainder of my time, and move to table the pending bill.

THE PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

MR. PASTORE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

THE PRESIDING OFFICER (Mr. BAYH in the chair). The question is on agreeing to the motion of the Senator from Montana to lay the bill on the table. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

The rollcall was concluded.

MR. HUMPHREY. I announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Alabama [Mr. HILL], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Oregon [Mr. MORSE], and the Senator from Florida [Mr. SMATHERS], are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Oregon [Mr. MORSE], and the Senator from Florida [Mr. SMATHERS] would each vote "nay."

On this vote, the Senator from Illinois [Mr. DOUGLAS] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Illinois would vote "nay" and the Senator from California would vote "yea."

On this vote, the Senator from Arkansas [Mr. McCLELLAN] is paired with the Senator from Mississippi [Mr. EASTLAND]. If present and voting, the Senator from Arkansas would vote "nay," and the Senator from Mississippi would vote "yea."

The result was announced—yeas 57, nays 36, as follows:

[No. 256 Leg.]

YEAS—57

Alken	Hartke	Metcalf
Anderson	Hayden	Monroney
Bartlett	Humphrey	Moss
Bayh	Inouye	Muskie
Bible	Javits	Nelson
Boggs	Johnston	Neuberger
Brewster	Jordan, N.C.	Pastore
Burdick	Keating	Pell
Byrd, W. Va.	Kennedy	Randolph
Cannon	Kuchel	Ellicott
Carlson	Long, Mo.	Saltonstall
Case	Long, La.	Sparkman
Church	Magnuson	Symington
Clark	Mansfield	Talmadge
Ellender	McCarthy	Walters
Fulbright	McGee	Williams, N.J.
Gore	McGovern	Yarborough
Gruening	McIntyre	Young, N. Dak.
Hart	McNamara	Young, Ohio

NAYS—36

Allott	Fong	Pearson
Beall	Goldwater	Prouty
Bennett	Hickenlooper	Proxmire
Byrd, Va.	Holland	Robertson
Cooper	Hruska	Russell
Cotton	Jackson	Scott
Curtis	Jordan, Idaho	Simpson
Dirksen	Lausche	Smith
Dodd	Mechem	Stennis
Dominick	Miller	Thurmond
Edmondson	Morton	Tower
Ervin	Mundt	Williams, Del.

NOT VOTING—7

Douglas	Hill	Smathers
Eastland	McClellan	
Engle	Morse	

So Mr. MANSFIELD's motion to lay the bill (S. 2310) on the table was agreed to.

MR. SPARKMAN. Mr. President, I move that the Senate reconsider the vote by which the motion to lay on the table was agreed to.

MR. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### LEGISLATIVE PROGRAM

MR. DIRKSEN. Mr. President, before Senators leave, I should like to ask the majority leader, first, at what hour he proposes that the Senate convene tomorrow; and what will be the first order of business; and what will follow that?

MR. MANSFIELD. If it would be possible for the Committee on Finance to meet until noon, as it usually does by unanimous-consent agreement—I do not see the chairman of the committee in the Chamber, although the ranking Republican member, the distinguished Senator from Delaware [Mr. WILLIAMS], is present—on that basis we should like to have the Senate convene at 11 o'clock.

Would the Senator from Delaware have any objection to such an arrangement, just for the morning?

MR. WILLIAMS of Delaware. Not if it is agreeable to the chairman; in that event, I have no objection.

MR. MANSFIELD. Is a meeting of the committee scheduled for tomorrow?

MR. WILLIAMS of Delaware. Not as yet; but, no doubt, consent can be obtained.

Mr. GORE. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. GORE. The Senator is on notice that all meetings scheduled this week will—because of the recent tragic event—be objected to.

#### ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of the session tonight, the Senate take a recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, it is anticipated that tomorrow morning the Senate will take up the Nitze nomination; and I presume that the chairman of the Appropriations Committee will have a continuing resolution in connection with the appropriation measures; and the Senate will take up the conference report on the legislative appropriation bill. In fact, it can be taken up previous to the Nitze nomination.

If a reasonable agreement could be had regarding a time limitation for the consideration of the public works bill, I should like to have it taken up. Has the Senator from Delaware any idea in regard to what would be a reasonable arrangement?

Mr. WILLIAMS of Delaware. No; for I am not in charge of the bill.

Mr. MANSFIELD. No; but the Senator from Delaware has an interest in it.

Mr. WILLIAMS of Delaware. Yes; but I do not know about the time schedule.

Mr. MANSFIELD. If some arrangement of that sort can be made for tomorrow, that bill will be brought up.

#### TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

#### REPORT OF A COMMITTEE SUBMITTED DURING ADJOURNMENT

Pursuant to the order of the Senate of November 25, 1963,

Mr. ROBERTSON, from the Committee on Banking and Currency, reported adversely, without amendment, on November 25, 1963, the bill (S. 2310) to prohibit any guaranty by the Export-Import Bank or any other agency of the Government of payment of obligations of Communist countries, and submitted a report (No. 659) thereon, which was printed.

#### EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

#### REPORTS ON OFFICERS ON DUTY WITH HEAD- QUARTERS, DEPARTMENT OF THE ARMY AND ARMY GENERAL STAFF

A letter from the Secretary of the Army, transmitting, pursuant to law, reports on

the number of officers on duty with Headquarters, Department of the Army and the Army General Staff, on September 30, 1963 (with accompanying reports); to the Committee on Armed Services.

#### REPORT ON BACKLOG OF PENDING APPLICATIONS AND HEARING CASES IN FEDERAL COMMUNI- CATIONS COMMISSION

A letter from the Chairman, Federal Communications Commission, Washington, D.C., transmitting, pursuant to law, a report on backlog of pending applications and hearing cases in that Commission, as of September 30, 1963 (with an accompanying report); to the Committee on Commerce.

#### REPORTS ON REAL PROPERTY EXEMPT FROM TAXATION IN DISTRICT OF COLUMBIA

Two letters from the President, Board of Commissioners, District of Columbia, transmitting, pursuant to law, reports on real property exempt from taxation in the District of Columbia, for the calendar year 1962, and property specifically exempt prior to the passage of the act of December 24, 1942 (with accompanying reports); to the Committee on the District of Columbia.

#### REPORT OF NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

A letter from the Secretary of the Treasury, transmitting, pursuant to law, a report of the National Advisory Council on International Monetary and Financial Problems, for the period April 1960—March 1962 (with an accompanying report); to the Committee on Foreign Relations.

#### INDEX OF AUDIT REPORTS ISSUED TO THE CON- GRESS, ITS COMMITTEES AND MEMBERS ON DEPARTMENT OF DEFENSE ACTIVITIES

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an index of audit reports issued to the Congress, its committees and members on Department of Defense activities, fiscal years 1956 through 1963 (with an accompanying report); to the Committee on Government Operations.

#### REPORT ON STATUS OF DAM AT CAMP PENDLE- TON, SAN DIEGO COUNTY, CALIF.

A letter from the Assistant Secretary of the Navy (Installations and Logistics), reporting, pursuant to law, on the status of a dam immediately below the confluence of DeLuz Creek with the Santa Margarita River on Camp Pendleton, San Diego County, Calif. (with accompanying papers); to the Committee on Interior and Insular Affairs.

#### TEMPORARY ADMISSION INTO THE UNITED STATES OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered granting temporary admission into the United States of certain aliens (with accompanying papers); to the Committee on the Judiciary.

#### ADMISSION INTO THE UNITED STATES OF CERTAIN DEFECTOR ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered granting admission into the United States of certain defector aliens (with accompanying papers); to the Committee on the Judiciary.

#### PETITION

The PRESIDENT pro tempore laid before the Senate a statement in the nature of a petition, of Ramon A. Martinez, representing the National Association of the Statehood of Puerto Rico,

Inc., of New York City, N.Y., relating to the enactment of House bill 5945, for the appointment of a study commission on the political status of Puerto Rico, which was referred to the Committee on Interior and Insular Affairs.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BIBLE, from the Committee on Interior and Insular Affairs without amendment:

H.R. 976. An act to authorize the Secretary of the Interior to acquire and add certain lands to the Salem Maritime National Historic Site in Massachusetts, and for other purposes (Rept. 660).

By Mr. GRUENING, from the Committee on Interior and Insular Affairs, without amendment:

S. 1878. A bill to amend the act providing for the admission of the State of Alaska into the Union in order to extend the time for the filing of applications for the selection of certain lands by such State (Rept. No. 661).

By Mr. GRUENING, from the Committee on Interior and Insular Affairs, with amendments:

S. 167. A bill to provide for the conveyance under certain conditions of the phosphate rights in certain lands in the State of Florida (Rept. No. 662).

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, without amendment:

H.R. 5949. An act to consent to the amendment by the States of Colorado and New Mexico of the Costilla Creek Compact (Rept. No. 666).

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, with amendments:

S. 1111. A bill to provide for the optimum development of the Nation's natural resources through the coordinated planning of water and related land resources, through the establishment of a water resources council and river basin commissions, and by providing financial assistance to the States in order to increase State participation in such planning (Rept. No. 668).

By Mr. MOSS, from the Committee on Interior and Insular Affairs, with an amendment:

H.R. 4062. An act to amend the act authorizing the transmission and disposition by the Secretary of the Interior of electric energy generated at Falcon Dam on the Rio Grande to authorize the Secretary of the Interior to also market power generated at Amistad Dam on the Rio Grande (Rept. No. 667).

By Mr. BARTLETT, from the Committee on Commerce, without amendment:

S. 1698. A bill to amend section 511(h) of the Merchant Marine Act, 1936, as amended, in order to extend the time for commitment of construction reserve funds (Rept. No. 663).

By Mr. MAGNUSON, from the Committee on Commerce, without amendment:

H.R. 2906. An act to amend part II of the Interstate Commerce Act in order to provide an exemption from the provisions of such part for the emergency transportation of any accidentally wrecked or disabled motor vehicle in interstate or foreign commerce by towing (Rept. No. 664).

By Mr. MAGNUSON, from the Committee on Commerce, with amendments:

H.R. 134. An act to provide that seat belts sold or shipped in interstate commerce for use in motor vehicles shall meet certain safety standards (Rept. No. 665).

## BILLS INTRODUCED

Bills were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. EASTLAND (for himself, Mr. JOHNSTON, Mr. McCLELLAN, Mr. ERVIN, Mr. DODD, Mr. HART, Mr. LONG of Missouri, Mr. BAYH, Mr. BURDICK, Mr. DIRKSEN, Mr. HRUSKA, Mr. KEATING, Mr. FONG, and Mr. SCOTT):

S. 2330. A bill to amend title 18, United States Code, to provide penalties for the assassination of the President or the Vice President, and for other purposes; to the Committee on the Judiciary.

Mr. JOHNSTON subsequently said: Mr. President, this bill is introduced to make it a Federal crime and to provide penalties including death upon conviction of murder in the first degree for the willful, deliberate, malicious, and premeditated assassination of the President or Vice President of the United States.

Mr. President, this bill also provides for severe penalties upon conviction for those persons who attempt to assassinate or whoever willfully conspires with any other person to assassinate any person who is serving as President or Vice President of the United States.

Mr. KEATING subsequently said: Mr. President, I have added my name to the list of Judiciary Committee members who have offered the bill to make a Federal crime of an assassination attempt or conspiracy to kill the President or any person in the line of succession to the Presidency. Its passage will not rekindle the life which was destroyed last Friday nor return to our midst the noble man we have lost. We cannot even know if it will, in the future, deter the hand of another assassin and spare another President, another grieving family, another generation of mourning Americans.

We can stand together, however, at this time of monumental national tragedy, to show the world that we are not a lawless land, that we will not tolerate such sacrilege and that we designate such acts as crimes of the highest order, not against one man alone, but against the Nation that we love.

United in our grief and firm in the determination that the rule of law prevail, I ask the support of my colleagues for this measure, praying God that it need never be invoked.

By Mr. PROXMIER (for himself, Mr. SIMPSON, Mr. WILLIAMS of Delaware, Mr. CURTIS, and Mr. MORSE):

S. 2331. A bill to amend title 18, United States Code, to provide penalties for the assassination of the President, the Vice President, or the Chief Justice of the United States, and for other purposes; to the Committee on the Judiciary.

(See the remarks of Mr. PROXMIER when he introduced the above bill, which appear under a separate heading.)

By Mr. MILLER:

S. 2332. A bill to amend title 18, United States Code, to protect the President of the United States, the Vice President of the United States, members of the Cabinet, and Members of the Congress, and for other purposes; to the Committee on the Judiciary.

(See the remarks of Mr. MILLER when he introduced the above bill, which appear under a separate heading.)

By Mr. INOUE:

S. 2333. A bill to redesignate the Peace Corps as the Kennedy Corps; to the Committee on Foreign Relations.

(See the remarks of Mr. INOUE when he introduced the above bill, which appear under a separate heading.)

By Mr. BURDICK:

S. 2334. A bill for the relief of Leo M. Mondry; to the Committee on the Judiciary.

By Mr. ERVIN:

S. 2335. A bill to recodify, with certain amendments thereto, chapter 19 of title 5 of the United States Code, entitled "Administrative Procedure"; to the Committee on the Judiciary.

By Mr. DOUGLAS:

S. 2336. A bill for the relief of John Richard Dolby; to the Committee on the Judiciary.

By Mr. HARTKE:

S. 2337. A bill for the relief of Dr. Ved-brat S. Vaid; and

S. 2338. A bill for the relief of Kalliope Kostides; to the Committee on the Judiciary.

By Mr. HRUSKA:

S. 2339. A bill conferring jurisdiction upon the United States Court of Claims to hear, determine, and render judgment upon the claim of Sarpy County, Nebr.; to the Committee on the Judiciary.

By Mr. SIMPSON:

S. 2340. A bill to amend title 18, United States Code, to provide penalties for the assassination of the President, the Vice President, or any officer in line of succession to the Presidency; to the Committee on the Judiciary.

(See the remarks of Mr. SIMPSON when he introduced the above bill, which appear under a separate heading.)

By Mr. FULBRIGHT (for himself, Mr. SALTONSTALL, Mr. CLARK, and Mr. HUMPHREY):

S. 2341. A bill to authorize the appropriation of \$5 million to carry out the purposes of the National Cultural Center Act and to designate the National Cultural Center, authorized to be constructed by such act, as the John Fitzgerald Kennedy Cultural Center; to the Committee on Public Works.

(See the remarks of Mr. FULBRIGHT when he introduced the above bill, which appear under a separate heading.)

## RESOLUTION

## FUNERAL EXPENSES IN CONNECTION WITH FUNERAL OF THE LATE PRESIDENT JOHN F. KENNEDY

Mr. MORSE submitted a resolution (S. Res. 229) to pay the expenses of the Senate committee incurred in connection with the funeral of the late President John F. Kennedy, which was considered and agreed to.

(See the above resolution printed in full when submitted by Mr. MORSE, which appears under a separate heading.)

## PROPOSAL TO MAKE ASSASSINATION OF PRESIDENT, VICE PRESIDENT, OR CHIEF JUSTICE A FEDERAL CRIME

Mr. PROXMIER. Mr. President, I introduce a bill to make assassination of a President, Vice President, or Chief Justice a Federal crime.

For the last 5 days this country has lived a nightmare. We have lost our

President. We have lost something else as well.

The great majesty of America is that we are a country of law, that all men—all men—have equal rights and liberties under law; all men—the crudest, poorest, most brutal psychopath—yes, even the man accused of murdering the President of the United States; all men have rights equal to those of our first citizen: The President of the United States, before the law.

Mr. SIMPSON. Mr. President, will the Senator yield?

Mr. PROXMIER. I shall be happy to yield in a moment.

Mr. President, if there is any single quality of this country that is more precious than any other it is this.

But since last Friday the man accused of murdering the President was tried by television. Police officials told the world, including virtually every potential juror, that the case against Lee Oswald was airtight, a cinch. He was held 48 hours—until his death—without counsel. And then he was himself murdered in full view of tens of millions of Americans by a striptease operator with a police record in Chicago as well as in Dallas, a man known well to the police, who were supposed to be protecting him.

What a terrible and sickening counterpoint to the dignity and gallantry of the Kennedy family and to the dream of democracy so dear to President Kennedy as he put it in his inaugural address in calling for a "new world of law, where the strong are just and the weak secure."

The trial of the man accused of murdering President Kennedy should have been a showcase of democracy in action with meticulous attention for the rights of even the man accused of this monstrous crime.

Mr. President, no law in a democracy can prevent the possibility of Presidential assassination in the future. But I am proposing a bill today that may help to make this terrible event less likely, and would certainly help immensely to assure this Nation that if another President is murdered, competent Federal officials, the Federal Bureau of Investigation and the Department of Justice, will have the legal jurisdiction to move in at once with full and complete authority.

Mr. President, we are generally proud of local police departments in America and of local district attorneys. Many of them are highly competent. Some of them are less so. But almost none of them is equipped to cope with the catastrophic eruption of the assassination of a President. National television with all its glamour, excitement, and confusion moves in. Competent local police officials with no experience in dealing with an aggressive and probing press are obviously likely to be overwhelmed.

If this bill is passed making the murder of the President, the Vice President, or the Chief Justice of the Supreme Court a Federal crime, it will be possible to respond to this national crime with the kind of national competence and national dignity that is required and now so obviously and sadly lacking.

Finally, it was not until after the Lindbergh kidnaping and legislation making kidnaping a Federal crime had become law that kidnaping, which had been a terrible national sickness, came under control. Why is it not likely that Federal jurisdiction over the murder of a President, bringing assurance of prompt and comprehensive FBI jurisdiction, will help, at least some, to reduce the danger of the assassination of the President.

Just as a technical footnote, the murder of the Chief Justice of the Supreme Court is now covered by Federal law, but only provided he is murdered in the performance of his duties. This bill would provide Federal jurisdiction any time and all the time for the Chief Justice.

While some case can be made for extending the coverage of the bill to others, I believe that only these three national officers face extraordinary risk; and that we should keep Federal jurisdiction over law enforcement at the minimum level.

Mr. President, I introduce my bill and ask unanimous consent that it may remain at the desk for a week for any Senator who may wish to join as cosponsor.

The PRESIDING OFFICER (Mr. RIBICOFF in the chair). The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk for 1 week, as requested by the Senator from Wisconsin.

The bill (S. 2331) to amend title 18, United States Code, to provide penalties for the assassination of the President, the Vice President, or the Chief Justice of the United States, and for other purposes, introduced by Mr. PROXMIER (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. SIMPSON. Mr. President, I should like to associate myself with the remarks of the distinguished Senator from Wisconsin [Mr. PROXMIER], and to say that I, too, have prepared a similar measure which I shall now withhold. I should like to add my name as a cosponsor of the bill introduced by the Senator from Wisconsin.

Mr. PROXMIER. I thank the Senator from Wyoming for his support.

#### PROTECTION OF CERTAIN ELECTED OFFICIALS OF THE GOVERNMENT

Mr. MILLER. Mr. President, I introduce a bill which would make it a Federal crime to kill, or attempt to kill, or to conspire in so doing, the President or the Vice President or the President-elect or the Vice President-elect. My bill would also extend similar coverage with respect to Members of Congress and the Cabinet.

In the present state of the law, a State and not the Federal Government, has jurisdiction over crimes such as the one committed against President Kennedy. The laws of the various States differ considerably. So do the law enforcement procedures and security capabilities. I believe all of us would rather have prisoners such as the alleged murderer of a

President held in Federal custody, tried by a Federal court, and punished under Federal law. Moreover, I believe such a policy should extend to others in the Presidential line of succession and Members of Congress.

Mr. President, I ask unanimous consent that the bill remain at the desk until a week from Friday for such cosponsors as may wish to join.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and without objection, the bill will lie at the desk until a week from Friday as requested by the Senator from Iowa.

The bill (S. 2332) to amend title 18, United States Code, to protect the President of the United States, the Vice President of the United States, Members of the Cabinet, and Members of the Congress, and for other purposes, introduced by Mr. MILLER, was received, read twice by its title, and referred to the Committee on the Judiciary.

#### PROPOSED DESIGNATION OF THE PEACE CORPS AS THE KENNEDY CORPS

Mr. INOUE. Mr. President, the city of Berlin has honored our late and beloved President by renaming its public square after President John F. Kennedy.

The city of London plans to erect a heroic monument to President John F. Kennedy.

The Jewish National Fund of America will plant a forest in Israel in the heart of the American Freedom Forest in honor of President John F. Kennedy.

In South America, a village named after the Alliance for Progress will now be called the John F. Kennedy Village.

Many peoples in many different lands have been moved spontaneously and collectively to honor the work and the memory of one who has been martyred in the summer of his life.

I am certain that all the people of the United States are humble and grateful for this worldwide recognition of President Kennedy, a man who served the world as a servant of America.

There is one way in which we, too, may join the multitude of this world in paying tribute to the President, known throughout as a man of peace.

From his compassionate heart and brilliant mind there first came the idea of the Peace Corps which was to inspire all who would rather emphasize the soldiers of peace than the soldiers of war.

This was his creation, this was his Corps, this was his lasting contribution to the peace of the world.

I, therefore, respectfully urge the Peace Corps be christened the Kennedy Corps. Let his name be remembered throughout the world, let his message for peace be spread to all peoples in the barrios of the Philippines, in the slums of South America, in the villages of Asia, and in the bush and jungle of every newborn country and age-old hamlet in Africa.

I introduce the bill, for appropriate reference, and ask unanimous consent that it remain on the desk until Decem-

ber 4 so that other Senators who wish to do so may join in cosponsorship.

The PRESIDING OFFICER. The bill will be received and appropriately referred, and, without objection, the bill will lie on the desk, as requested.

The bill (S. 2333) to redesignate the Peace Corps as the Kennedy Corps, introduced by Mr. INOUE, was received, read twice by its title, and referred to the Committee on Foreign Relations.

#### AMENDMENT OF UNITED STATES CODE TO PROVIDE PENALTIES FOR ASSASSINATION OF CERTAIN ELECTED OFFICIALS

Mr. SIMPSON. Mr. President, one of the corollaries to the shocking tragedy which occurred in Dallas, Tex., Friday is the surfacing of alarming inadequacies in our criminal statutes dealing with crimes against the Nation's top elected officials.

In the hope that it might either prevent or lessen the likelihood of a reoccurrence of what has already happened, I introduce, for appropriate reference, a bill which would make a Federal crime of the murder, or the attempt to murder, the President of the United States or his successors as defined by law. As we have become suddenly aware from events of the past weekend, there is no Federal statute covering attacks upon or the murder of our President. Consequently, the disposition of persons accused of such a crime and the investigation of the crime itself is left to local authorities. It is fair to conclude that the local authorities have not adequately met their responsibilities in this regard.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2340) to amend title 18, United States Code, to provide penalties for the assassination of the President, the Vice President, or any officer in line of succession to the Presidency, introduced by Mr. SIMPSON, was received, read twice by its title, and referred to the Committee on the Judiciary.

#### AUTHORIZATION OF APPROPRIATIONS FOR THE NATIONAL CULTURAL CENTER, AND ITS DESIGNATION AS THE JOHN FITZGERALD KENNEDY MEMORIAL CENTER

Mr. FULBRIGHT. Mr. President, I send to the desk a bill on behalf of myself, the senior Senator from Massachusetts [Mr. SALTONSTALL], and the senior Senator from Pennsylvania [Mr. CLARK]. I ask unanimous consent that it be received and that it be referred to the appropriate committee.

This bill authorizes the naming of the National Cultural Center in memory of John Fitzgerald Kennedy. It further authorizes the appropriation of the last \$5 million necessary to construct the Center, the remainder of the funds to be raised from private sources.

Having introduced in the Senate the original bill in 1958, authorizing the creation of the National Cultural Center,

I thought it appropriate to introduce this amendment as a tribute to our late President, who took a deep interest in and played an active role in the procreation of this great Center.

The Senator from Massachusetts [Mr. SALTONSTALL] and I are members of the Board of Regents of the Smithsonian, under which the Center would be placed, and, together with the Senator from Pennsylvania [Mr. CLARK], are trustees of the National Cultural Center.

I ask unanimous consent to have printed in the RECORD an editorial from the Washington Star at this point in my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and without objection, the editorial will be printed in the RECORD.

The bill (S. 2341) to authorize the appropriation of \$5 million to carry out the purposes of the National Cultural Center Act and to designate the National Cultural Center, authorized to be constructed by such act, as the John Fitzgerald Kennedy Memorial Center, introduced by Mr. FULBRIGHT (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Public Works.

The editorial presented by Mr. FULBRIGHT is as follows:

#### A KENNEDY MEMORIAL

His own best memorial will live in his own memorable words, for he spoke in trumpets, summoning us to seek our finest nature and to fit it to the difficulties and dangers of our time.

Our own best act of remembrance must continue to be the faith we keep with his imperatives.

But the heart desires and the slain leader deserves a more tangible, more specific memorial, a physical place in the Nation's Capital corresponding to his place in prayer in the Nation's heart.

There can be no more fitting memorial than the dedication now, to him, of the National Cultural Center.

The President and Mrs. Kennedy brought to the center of things the service performed by the arts for men and women. In thought and speech John F. Kennedy moved with familiar friendship among the poets and the prophets. It was the same in his and Mrs. Kennedy's home. The White House became a place of welcome for musicians and painters, dancers and writers.

The idea of the Cultural Center preceded the Kennedy administration. But President Kennedy gave the idea force and form, and a singularly personal leadership, without which it could hardly have achieved its present development.

Mrs. Kennedy, from whom we have learned to bear loss with dignity, was even more deeply involved. To salute her loss as well as ours, a Kennedy Memorial Cultural Center would speak intimately of part of her gift to us.

Other memorial proposals have been made, chiefly of renaming athletic stadia already in existence. The Cultural Center as a memorial to Mr. Kennedy is not only uniquely expressive of a purpose shared by the President and his wife. Since it is now in early process, since funds are still being raised, it also would give all Americans the chance to remember the President by bringing to completion an intent and wish of his.

The change of name and the dedication should be made at once. The building should be brought to reality as soon as possible.

John F. Kennedy will live in the hearts of men. Let him live also in the arts he loved.

Mr. FULBRIGHT subsequently said: Mr. President, I ask unanimous consent that the bill I have just introduced remain at the desk for possible additional cosponsors until Friday, next.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. I should like to join as a cosponsor of that bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### REDUCTION OF INDIVIDUAL AND CORPORATE INCOME TAXES—AMENDMENT (AMENDMENT NO. 330)

Mr. HARTKE submitted an amendment, intended to be proposed by him, to the bill (H.R. 8363) to amend the Internal Revenue Code of 1954 to reduce individual and corporate income taxes, to make certain structural changes with respect to the income tax, and for other purposes, which was referred to the Committee on Finance, and ordered to be printed.

#### RELIEF OF CERTAIN ALIENS—AMENDMENT (AMENDMENT NO. 331)

Mr. JAVITS (for himself and Mr. KEATING) submitted an amendment, intended to be proposed by them, jointly, to the joint resolution (S.J. Res. 132) for the relief of certain aliens, which was referred to the Committee on the Judiciary and ordered to be printed.

#### ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, November 26, 1963, he presented to the President of the United States the enrolled bill (S. 777) to amend the Arms Control and Disarmament Act in order to increase the authorization for appropriations and to modify the personnel security procedures for contractor employees.

#### ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. RANDOLPH:

Speech by Dr. Wernher von Braun delivered at the annual chamber of commerce dinner, Charleston, W. Va., November 5, 1963; Senator RANDOLPH's introduction of Dr. von Braun; and the editorial "Dr. von Braun Welcomes Choice," in the November 5 issue of the Charleston Gazette.

#### TELEVISION AND THE AMERICAN WAY OF LIFE

Mr. PASTORE. Mr. President, ever since television came on the American scene almost 15 years ago a gradual process of acceptance has continued until this magic medium has become an ir-

revocable part of the American way of life.

The significance of this service was most meaningfully demonstrated during the past 4 days following the tragic death of our President, John F. Kennedy. Through the medium of television, millions of American homes were brought together as one to see and hear in respectful and restrained detail the events following this tragedy. Electronic journalism has proved once again through its skillful, respectful, detailed and tasteful coverage of the past 4 days the significant role it plays in reporting news events.

I cannot estimate the cost incurred by the networks since the first bulletin announcing the tragedy was made at approximately 1:30 on November 22, but it would be fair to estimate that the costs run into the millions. Since that moment the American Broadcasting Co., the Columbia Broadcasting Co., and the National Broadcasting Co., mustered all their resources and broadcast steadily for 4 days bringing to the people throughout this country the intimate details of the events as they were taking place. All commercial and entertainment programming was canceled.

This was television's superb performance—electronic journalism at its best and public service programming in the true meaning of the phrase of the Communications Act "public interest, convenience, and necessity." It is with great satisfaction, therefore, that I publicly recognize the networks and their affiliates for an excellent performance. Theirs was a difficult task respectfully and skillfully executed despite the moments of disbelief and confusion on November 22. The staff and the executives of the networks and their affiliates worked tirelessly to bring to broadcasting this outstanding achievement. I salute the broadcasters—radio and television—and offer them the highest commendation for this public service.

#### STATEMENT RELATING TO WELL-BEING OF THE LIVESTOCK INDUSTRY

Mr. CARLSON. Mr. President, the economic well-being of the livestock producer and of agriculture is vital to the entire economy in Kansas. The cash receipts from livestock sales and livestock production equaled 53 percent of all cash farm receipts in Kansas during 1962. Kansas ranks fourth in the Nation in cattle population.

The recent decline in livestock prices, particularly beef cattle, is causing serious financial losses to cattle feeders and producers. It is having a serious effect on the economy of the livestock producing areas.

Recently the Kansas Livestock Association, through its secretary, A. G. Pickett, submitted a brief to the trade Information Committee for consideration in the forthcoming hearings on world trade matters. This brief discusses frankly and fully the situation confronting the livestock industry in our State.

I ask unanimous consent that the statement of the Kansas Livestock Association be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE KANSAS LIVESTOCK ASSOCIATION

The livestock industry is the most important industry in the State of Kansas. It also represents the largest segment of agriculture in Kansas. In 1962, cash receipts from livestock and livestock products totaled \$683,102,000. This is equal to 53 percent of all cash farm receipts in Kansas during 1962. Total cash receipts for the State in 1962 were 4 percent below the 1961 total. While a total cash income in 1962 was down 2 percent from the 1961 figure, net farm income was down to \$410 million, which represents a 14-percent decrease from 1961. The enormous increase in farm production costs and lower prices were the principal causes of this lower net income.

The economic well-being of the livestock producer and all agriculture is vital to the entire economy in Kansas. Agriculture is the largest user of steel, fuel oil and other petroleum products. Without the market furnished by agriculture for supplies and services, business in Kansas could not prosper. This all means a profitable livestock industry is essential if Kansas is to prosper.

PRODUCTION REACHES NEW HEIGHTS

Kansas ranks fourth in the Nation in cattle population. The January 1, 1963, inventory totaled 5,222,000 head of cattle. This is the first time in history that the Kansas cattle inventory exceeded 5 million head. The year 1962 was the sixth consecutive year in which cattle inventories increased.

The U.S. Department of Agriculture has continued to remind us that with rapid increase in population, a substantial increase in beef production was needed. Both Kansas and the Nation are adequately meeting, and are prepared to continue to meet, this increased consumer demand for red meat.

While producers are meeting the requirements for more meat, the flood of foreign imports has already caused thousands of producers and feeders to suffer substantial financial losses. Unless something is done to correct the situation soon, producers will suffer further severe financial setbacks.

TARIFFS

Thirty years ago, the tariff on beef was 6 cents a pound. In 1947, this import tariff was reduced to 3 cents. The tariff on live cattle and other meat products was also reduced comparably. During this same 30 years, livestock prices and production costs soared to well over double the figures at that time. As a result of this tremendous increase in the price level, present tariffs are not effective and offer little or no protection to the cattle industry from foreign imports. Rather than further reduction in tariffs at this time, we should have substantial increases as well as quotas. We should point out that it would take an increase of several hundred percent applied to the present tariff rates to catch up with the present economic levels and requirements.

In spite of the fact that the U.S. tariffs offer little or no protection to the livestock and meat industry, records show that other countries have not only maintained but have increased their import duties, as well as using other import controls.

The American livestock producer is willing to compete on a fair and equitable basis but with the U.S. cost of production much higher than costs in our importing nations, and with these nations maintaining relatively high import controls, he realizes that he is at a disadvantage. Producers in this country feel that our tariffs and trade poli-

cies are permitting this country to become a dumping ground for world supplies of meat, and particularly beef.

IMPORTS

We are familiar with the recent rapid increase in the importation of beef. The 1964 Outlook Issue of the Livestock and Meat Situation, published by the Economic Research Service of the U.S. Department of Agriculture, states that the production of steer and heifer beef under Federal inspection for the first 9 months of this year, 1963, was up 10 percent from the same period during 1962. At the same time, imports have increased rapidly and have doubled since 1960. Imports have reached a point well above 10 percent of our total domestic consumption and, according to Government figures, are continuing to increase in 1963. This substantial increase in imports, added to the increased domestic production, has caused a severe break in fat cattle prices. This break is as much as 25 to 30 percent of what prices were a year ago.

Dr. Willard W. Cochrane, one of the chief economic advisers to Secretary of Agriculture Orville Freeman, in his book "Farm Prices, Myth and Reality" published in 1958, stated that the demand for food is highly inelastic. Dr. Cochrane continues, "A 2-percent increase in the amount of food offered will drive prices down by 25 percent. The farmer is truly at the crack end of the whip."

The increase in per capita consumption of beef and increased population has taken care of the increase in domestic production. If we use Dr. Cochrane's formula we can readily see that when the equivalent of 10 to 12 percent of our consumption in foreign beef is dumped on the U.S. market, a terrific pressure will be put on cattle prices. Excessive imports during recent months are directly responsible for the severe break in livestock prices and financial losses by producers. Unless this situation is corrected, our entire economy will suffer.

CONTINUATION OF DISEASE CONTROL MEASURES IMPERATIVE

The United States is the best fed country in the world. Its supply of meat and meat animal products is not only nutritious but our healthy supply of livestock means a healthy, nutritious food supply. It is therefore imperative that during future negotiations our present quarantine measures and other requirements which protect our domestic animals from foreign diseases be rigidly maintained.

In the forthcoming negotiations, it is imperative that rather than removal or reduction of present tariffs, action must be taken which will protect our livestock producers from this recent flood of imports.

The Kansas Livestock Association urges that a system of quotas be established based on average imports over a long period of time. This system of quotas should be accompanied by substantial increases in our import duties. We feel it is only fair to the livestock industry that our import duties at least equal those of our competitive importing nations. This plan would give importing countries access to our markets on a competitive basis.

STATEMENT OF PRESIDENT ERNEST L. WILKINSON, BRIGHAM YOUNG UNIVERSITY, UPON THE SO-CALLED HIGHER EDUCATION FACILITIES BILL

Mr. ERVIN. Mr. President, at the Brigham Young University commencement exercises on August 22, 1963, President Ernest L. Wilkinson made a statement concerning the so-called Higher Education Facilities Act, which ought to be made available to all Members of the Senate before the Senate votes upon

the conference report on this bill, which is designated as H.R. 6143.

President Wilkinson asserts in his statement a view entertained by millions of Americans; namely, that the establishment of religion clause of the first amendment prohibits the using of tax raised funds for the benefit of colleges and universities owned, operated, or controlled by religious denominations. For this reason, I ask unanimous consent that Dr. Wilkinson's statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT IN OPPOSITION TO THE PROPOSED HIGHER EDUCATION FACILITIES ACT OF 1963, BRIGHAM YOUNG UNIVERSITY COMMENCEMENT EXERCISES, AUGUST 22, 1963, PRESIDENT ERNEST L. WILKINSON

On August 15, 1963, the board of trustees of Brigham Young University, composed of the first presidency of the Church of Jesus Christ of Latter-Day Saints, the quorum of the 12, and some other general authorities of the church, held a special meeting at which an important decision was made which President David O. McKay has felt it would be appropriate to announce to the students, faculty, and friends of this institution at this commencement—together with some of the impelling reasons therefor.

With his greetings and blessings I shall now inform you of this decision. Before that meeting the board had been informally advised that if the "Higher Education Facilities Act of 1963" passed by the Federal House of Representatives last week should become law, the first year's allotment to Utah under a 5-year grant program would be almost \$2 million, of which the BYU allotment would be approximately three-quarters of a million dollars. Assuming a similar allotment for each year BYU by spending \$7½ million, would receive Federal grants in the total amount of \$3½ million. The board was informally asked whether it would accept this Federal money. The board was advised that if it would not accept this money, such money would be distributed to other educational institutions within the State of Utah.

Upon careful and deliberate consideration the board, although recognizing that BYU could very profitably use such funds, unanimously decided that in keeping with past policy it would not accept Federal grants and loans for buildings under the proposed program. It will, of course, continue to participate in programs wherein the university provides services for Federal funds received on a quid pro quo basis. The board, furthermore, expressed its outright opposition to the enactment of the proposed Higher Education Facilities Act.

One reason for opposing Federal subsidies for college building is that such subsidies will discourage and make unnecessary the more efficient utilization of existing education plants of the country. A study financed by the fund for the advancement of education reported in 1961-62 as follows: "Particularly in the use of space—classrooms, laboratories, and libraries—most colleges and universities persist in traditional and inefficient practices that waste their resources and result in unneeded construction."<sup>1</sup>

This report quoted figures showing that classrooms and laboratories had been used an average of only 44 percent of the possible periods in a 44-hour week. The senior author of the utilization manual showing these figures and the country's leading authority in such studies, Dr. John Dale Russel of New

<sup>1</sup> The Fund for the Advancement of Education, A Report for 1961-62, p. 29.

York University, told the Committee on Higher Education in New York State in 1960 that full classroom utilization by institutions of higher learning in the United States would enable existing facilities to "handle four times the present number of students."<sup>2</sup>

Recognizing this inefficiency, a report under the auspices of the American Council on Education stated: "This may be a luxury we can no longer afford and one which we can hardly justify."<sup>3</sup> Nevertheless, that same council, as well as other educational organizations, is constantly proclaiming to Congress and the American people that we are in dire need of Federal funds for the construction of more university buildings. In general, the facts do not support this assertion of need, if present facilities are adequately utilized.

It is, therefore, obvious that the appropriation of new Federal funds would do away with incentive for better management of our educational resources. State legislatures and private donors would not exert the same pressures on universities to obtain more afternoon, evening, and early morning, as well as summer, use of their plants.

In contrast to this profligate national waste of educational space, I am happy to report to you graduates and friends of Brigham Young University that the board of trustees of BYU has made every effort to obtain the most efficient possible use of titling expenditures. As a result, the utilizations of all BYU classrooms and laboratories for the first term of the 1962-63 school year was 88 percent, based on a 44-hour week. This was exactly twice as high as the 44-percent national average previously cited.

Similar utilization of facilities on other campuses throughout the Nation and a decent respect for the rights of the taxpayers would make unnecessary large Federal appropriations for educational facilities.

A second reason for opposing Federal educational subsidies is closely related to the first. Under the bill adopted by the House, a total of \$2 billion is to be made available for higher education,<sup>4</sup> notwithstanding the fact that the Federal Government has operated in the red for 27 of the past 33 years.<sup>5</sup>

The average deficit for the last year and the next 2 years will be almost \$9 billion per year.<sup>6</sup>

During the period of the greatest prosperity in the history of our Nation, we have been sinking further and further in debt. The Federal current debt now amounts to well over \$300 billion—or \$1,700 indebtedness for every person in the United States. Further, Senator HARRY BYRD, chairman of the Senate Finance Committee, reported in June of 1962 that current debt and accrued liabilities of the Federal Government would total well over \$1 trillion.<sup>7</sup> This was con-

firmed by Maurice Stans, Director of the Bureau of the Budget from 1958 to 1961, who phrased it in terms we can all understand when he said that "this is a national debt of more than \$22,000 for every family of four in the country."<sup>8</sup>

With this alarming indebtedness constantly going upward, the board did not want to be a party to further enlarging our Federal obligations and thereby impairing the financial integrity and solvency of our country.

Apparently our national legislators have forgotten the advice of Thomas Jefferson, who said: "I place economy among the first and most important virtues, and public debt as the greatest of dangers to be feared. To preserve our independence, we must not let our rulers load us with perpetual debt—we must make our choice between economy and liberty, or profusion and servitude. If we can prevent the Government from wasting the labors of the people, under the pretense of caring for them, they will be happy."

The shocking aspect of the present situation is that no one in high public office, nor any top educational leader proposing programs of Federal aid, has even as much as proposed a plan for the payment of Federal aid, except by having our Government go further and further in debt, which means economic slavery for our children and our children's children.

A third reason for opposition to the present proposed legislation is that the problem can be solved by the traditional method of State and community support without new Federal subsidies. The cry of despair that we must have Federal subsidies or higher education will be unable to meet the challenge of the sixties is demonstrably false. The money must come from the citizenry whether channeled through a Federal conduit or State and private conduits. As A. Sydney Hulong, Jr., explained: "Federal aid is just like a man getting a blood transfusion by taking the blood out of his right arm, putting it in his left arm, and spilling part of it on the way over."

During the past decade numerous dire predictions similar to those now currently heard in behalf of higher education were made for elementary and secondary education. The Committee for the White House Conference on Education in 1955 recommended Federal aid for construction of public schools on the ground that the threatened enrollment increases would require a doubling of school funds in a decade, which would be impossible without Federal aid. Yet now we can look back and see what happened without Federal aid. The 10-year increase in school revenues from 1951-52 to 1961-62, according to an NEA report, was 159 percent,<sup>9</sup> far in excess of the 100-percent decennial rate which had been thought impossible to achieve.

We should remember also that the U.S. Office of Education placed the building shortage at 370,000 classrooms in 1954 and estimated it would climb to 476,000 by 1960. Others, including the chairman of the Senate Committee on Labor and Public Welfare, predicted it would reach 600,000.<sup>10</sup> Yet quite the opposite occurred. Without new Federal aid programs, the States and local committees cut the shortage to 127,000 classrooms (fall 1961). In other words, the avail-

able classrooms increased by 33 percent between 1955-56 and 1961-62, whereas enrollments increased only 22 percent. Thus, new construction under our traditional method of State and community support has been at a rate 50 percent higher than new students.<sup>11</sup>

It should be noted that a number of comprehensive studies indicate that the rate of increase in general college enrollments will actually decline substantially during the coming 8 years.

Also, the rate of increase in elementary and secondary enrollments will tend to level off, thus permitting States to shift school building expenditures to higher levels.<sup>12</sup>

Admittedly the future growth of the colleges, even though it may not be at the same rate as during the past decade, will require great effort and sacrifice to finance adequately. But, fortunately, State and local governments are already responding to that need. According to the Bureau of Census, State expenditures for higher education increased 27 percent between 1960 and 1962.<sup>13</sup>

If this rate should continue, State support will almost triple during the 1960's. But whether it does or not, every indication is that without Federal aid, State, local, and private sources will provide the expenditures necessary for institutions of higher learning.<sup>14</sup>

The fourth reason for opposition to Federal aid is that it will lead to Federal control over education.

The Commission on Financing Higher Education, comprised, among others, of the presidents of Johns Hopkins University, the California Institute of Technology, Stanford University, Brown University, and the provost of Harvard University, concluded unanimously in 1952: "We as a Nation should call a halt at this time to the introduction of new programs of direct Federal aid to colleges and universities. We also believe it undesirable for the Government to expand the scope of its scholarship aid to individual students."<sup>15</sup>

The Commission feared that the freedom, diversity and independence of educational

<sup>11</sup> Considered another way, total educational enrollment has jumped from 28 to 50 million since the end of World War II, an increase of 76 percent. This was accompanied by a growth of funds from \$4 to \$29 billion. This was a tripling of the share of the national income going to education—from 2.3 to 6.8 percent (School Life (Office of Education), January 1963, p. 23). In Utah, the share of personal income devoted to public education increased from 3.23 to 8.73 percent between 1946 and 1962.

<sup>12</sup> The enrollment increase for colleges from 1954 to 1962 was 74 percent compared with 51 percent, the average of four projections from 1962 to 1970. Total enrollment increase at all levels of education will drop from 35 percent between 1954 and 1962 to 17 percent between 1962 and 1970 (Bureau of Census, Current Population Reports, series P. 20 Nos. 89 and 120; series P. 25, No. 232.) During the 1950's, educational enrollments grew faster than gross national product but during the remainder of this decade gross national product is expected to grow twice as fast as total enrollments. (Statement of Roger A. Freeman, senior staff member, the Hoover Institution in War, Revolution, and Peace, Stanford University, before the Subcommittee on Education of the Committee on Labor and Public Welfare, U.S. Senate, May 27 1963.)

<sup>13</sup> Bureau of the Census, Compendium of State Government Finance in 1962, 1963.

<sup>14</sup> Financing Higher Education, 1960-70, Dexter McKeezer, ed. (New York: McGraw-Hill, 1959), pp. 73-75.

<sup>15</sup> Nature and Needs of Higher Education; the report of the Commission on Financing Higher Education (New York: Columbia University Press, 1952) pp. 157-158.

<sup>2</sup> Sidney Tickton, "The Year-Round Campus Catches On," the Fund for the Advancement of Education, 1963, p. 6.

<sup>3</sup> Ronald B. Thompson, "Educational Alternatives," in Vital Issues in Education, American Council on Education, p. 117.

<sup>4</sup> Funds totaling nearly \$1.2 billion are to be given or loaned on a 50-year basis within the next 3 years under the proposed program. An additional \$880 million is then proposed for the following 2 years, as a minimum. The minimal proposal then amounts to around \$2 billion.

<sup>5</sup> U.S. News & World Report, July 22, 1963, pp. 34-39.

<sup>6</sup> This fiscal year ended with a deficit of \$6.8 billion (BRUCE, CONGRESSIONAL RECORD, Aug 14, 1963, p. 14968); next year's deficit is predicted to be \$9 to \$11 billion (BRUCE, *ibid.*, see also LAIRD, *ibid.*, p. 14994); and fiscal 1965, according to Secretary Dillon, will see a deficit of some \$9.8 billion (*ibid.*).

<sup>7</sup> "The Financial Condition of the U.S. Government," CONGRESSIONAL RECORD, vol. 108, pt. 7, p. 9672.

<sup>8</sup> Los Angeles Times-Mirror Syndicate, February 28, 1962. See also U.S. Bureau of the Census, Statistical Abstract of the United States (GPO No. C3.143). See index, "Debt—Public—Federal Government," Budget of the U.S. Government (T51.5).

<sup>9</sup> National Education Statistics, "Estimates of School Statistics, 1961-62."

<sup>10</sup> Emergency Federal Aid for School Construction, hearings before the Committee on Labor and Public Welfare, U.S. Senate, 84th Cong., 1st sess., 1955, p. 1 (Jan. 27, 1955).

Institutions "will be threatened if higher education is subjected to further influence from the Federal Government."<sup>15</sup>

Former U.S. Commissioner of Education, Samuel Brownell, said that "if Federal aid is to bring about better schools, it seems apparent that there must be some control."<sup>17</sup> The kind of control to follow Federal aid is suggested by James Bryant Conant, president of Harvard University for 20 years, who wrote in 1959 that further appropriations for education by the Federal Government would lead to Senate and House committees examining into the "details of curriculums and school organization, much as committees of the State legislatures now do."<sup>18</sup>

An editorial in the *Nation's Schools* said: "There is something quite naive in the way we school people talk about Federal control of education. Some of us think that Federal influence on education can be prevented simply by stating that it shall not exist. \* \* \* Federal direction is inherent in any Federal law or any Federal court decision pertaining to education."<sup>19</sup>

For some unexplained reason many people, including many educators, look upon Federal aid as coming from the legendary Santa Claus without any controls. They forget that the real Santa Claus, who pays the bills, always exercises complete control, even though in some cases, as with the Government, he may be extravagant, irresponsible and even capricious.

Even though a Federal aid bill may originally be enacted providing for no Federal control, it is inevitable that succeeding Congresses will impose that control. That has been true of all Federal programs. Indeed, if the Government puts up the money, it is entitled to control, and will. He who pays the fiddler calls the tune.

Indeed, certain leaders in the school field, while they are discreetly silent as to Federal control while they are seeking Federal aid, will, once they get Federal aid, also seek Federal control.

Thus an editorial in *Overview*, a monthly magazine for school administrators, openly declares that "the long-held view \* \* \* that educational policy should be made by local units of government" will have to be replaced by "a national system of education."<sup>20</sup>

The danger of such a national system—in addition to an almost automatic stifling of creativity resulting from eliminating the traditional diversity of educational programs across the country—is its inevitable control. This is illustrated by the parallel drawn by Dr. Nicholas Murray Butler, the late president of Columbia University: "It is universally acknowledged that the unhappy decline in Germany of university freedom and effectiveness and the equally unhappy subjection of the educated classes to the political and military ruling group were the direct result of the highly centralized and efficient control from Berlin of the Nation's schools and universities."

A fifth reason for opposition to the pending legislation is that there is serious doubt about the constitutionality of Government aid to church-controlled schools. The Supreme Court held, in the *Everson* case in 1947, that neither the State nor the Federal Government "can pass laws which aid one

religion, aid all religions, or prefer one religion over another."<sup>21</sup> The Court further emphasized the point by saying:

"No tax in any amount, large or small, can be levied to support any religious activities or institutions, whatever they may be called, or whatever form they may adopt to teach or practice religion."<sup>22</sup>

Clearly, funds given directly to church-controlled educational institutions even though restricted to nonreligious buildings do release church funds to be spent for other purposes and thus aid an establishment of religion. President John F. Kennedy recognized this by stating on March 1, 1961:

"The Constitution clearly prohibits aid to \* \* \* the parochial school. \* \* \* There isn't any room for debate on that subject. It is prohibited by the Constitution, and the Supreme Court made that very clear."<sup>23</sup>

"One of the fundamental reasons why Congress, over the last several years, has failed to provide a massive program of Federal aid for elementary and secondary schools is that it was considered unconstitutional to make this money available to church-controlled schools who probably needed it worse than State institutions."<sup>24</sup>

It is difficult to see any difference between a church-controlled high school and college. The constitutional position should be the same.

Even the American Association of University Professors overruled its governing council by resolving in 1962 to oppose grants to private institutions. The Honorable John B. Anderson, of Illinois, found it ironic that, only 1 year after the Supreme Court had banned a voluntarily used 22-word school prayer, the House should pass the Higher Education Facilities Act—completely avoiding the constitutional issue of separation of church and state.<sup>25</sup>

Numerous Protestants join in this concern, as the prominent Protestant magazine *Christian Century* declared: "American Protestants will never pay taxes to support Catholic schools. We will oppose enactment of laws which require such payment. If Congress is pressured into enacting such laws, we will contest them in the courts. If the courts reverse themselves and declare such laws constitutional, we will still refuse to pay these taxes, paying whatever price is necessary to preserve religious liberty in a pluralistic society."<sup>26</sup>

Summarily stated, the action of the board of trustees of Brigham Young University in opposition to the Higher Education Facilities Act of 1963 can be supported on at least five premises: (1) Easy Federal money will encourage the inefficient management and shocking lack of utilization of our existing educational facilities and buildings; (2) the trillion dollars' worth of obligations of the Federal Government and its continuous operation in the "red" do not justify a big new subsidy program (even though the money will be spent anyway, the board does not, by participating in such a program, want to become a party to impairing the financial integrity of the country we love); (3) State and private sources are responding to and can adequately meet the educational needs of the 1960's as they have in the past; (4)

Federal controls of higher education, which would accompany and follow Federal grants, would be unwise and dangerous; (5) Federal grants to religious educational institutions appear to be a direct violation of the first amendment to the Constitution, which erects a complete wall of financial separation between church and state, and even though it would be in our financial interest to participate therein, we have too much respect for the Constitution to do so.

#### ADDRESS OF ROBERT MOSES AT FALL DINNER OF THE SOCIETY OF SILURIANS, GRAND STREET BOYS' CLUB, NEW YORK CITY, NOVEMBER 18, 1963

MR. MORSE. Mr. President, one of my favorite Americans is Robert Moses, president of the World's Fair of New York, 1964-65. Recently he gave a speech to the Society of the Silurians, Grand Street Boys' Club, New York City.

It is so full of references to some of our country's historic personages whom Mr. Moses knew during his very productive life that I would like to make the speech a matter of historic record. Therefore, I ask unanimous consent that it be printed in the *CONGRESSIONAL RECORD* at this point as part of my remarks.

There being no objection, the address was ordered to be printed in the *RECORD*, as follows:

CASUAL REMARKS OF ROBERT MOSES, PRESIDENT OF THE WORLD'S FAIR OF NEW YORK, 1964-65, AT THE ANNUAL FALL DINNER OF THE SOCIETY OF THE SILURIANS, GRAND STREET BOYS' CLUB, NEW YORK CITY, MONDAY EVENING, NOVEMBER 18, 1963

Murray Davis told me you can take as well as dish it, that you are not sensitive, and that I should just ramble on until you get restive. I am following instructions literally.

A Silurian, I suppose, is a troglodyte who has not learned to accept obsolescence gracefully. The Silurians were the first scorpions who drew their oxygen from the air. Armored, many-toothed, you fight in the open. You don't go sneaking around on padded paws, like many of the smaller, subtler, foxier, and more adaptable creatures with protective coloring.

Snobbery and heraldry aside, there is more to be deduced from fossils and bones neatly fitted together than from recorded history. We know more about Silurians than we do about our own immediate ancestors. That's why you have such a familiar look. You will recall the yarn about the two Irishmen who saw a kangaroo for the first time. They examined the placard which said "Habitat Australia." Pat said, "Glory be to God. My sister married one of them." Mike said, "Well, it looks human." Pat replied, "No more human than you and me."

I like Silurians because they are also dedicated men who can read, write, and speak English and have at least a passing acquaintance with good literature. All the present generation of Yale knows of the classics is the brekekex that rolls over the stadium in the chill of early winter as the shadows lengthen on the football field. Einstein with his  $E=mc^2$  has a better chance of immortality than Aristophanes.

I have enjoyed the unique experience of greeting twice within a month a pride, bevy, flock, pack, school, tribe, or whatever you call it, of dinosaurs. I must say that you are more prepossessing, if less imposing, than the Sinclair representatives, but I assume fully as good-natured. Out of the bowels of the earth Silurians too draw the fire that sparks the engines of a motorized civilization.

<sup>15</sup> *Ibid.*, p. 158.

<sup>17</sup> "Shall It Be 'Yes' or 'No' on Federal Aid?" *School and Society*, XLIX (May 27, 1939), 669.

<sup>18</sup> "The Child, the Parent, and the State" (Cambridge, Mass.: Harvard University Press, 1959), p. 56.

<sup>19</sup> Arthur H. Rice, "Looking Forward: It Is Federal Control," *Nation's Schools*, September 1960, p. 65.

<sup>20</sup> Walter D. Cocking, "A National System of Education," *Overview*, November 1960, p. 97.

<sup>21</sup> *Everson v. The Board of Education of the Township of Ewing, et al.*, 330 U.S. 1, 15.

<sup>22</sup> *Ibid.*, 16.

<sup>23</sup> Presidential Press Conference, as quoted by WAGGONER, *CONGRESSIONAL RECORD*, Aug. 14, 1963, p. 14962.

<sup>24</sup> Roger A. Freeman, statement before the Subcommittee on Education of the Committee on Labor and Public Welfare, U.S. Senate, May 27, 1963, p. 5.

<sup>25</sup> *CONGRESSIONAL RECORD*, Aug. 14, 1963, p. 14945.

<sup>26</sup> Feb. 1, 1961, p. 132.

You boys are said to know all about manufacturing public sentiment. You project images like those in the Rubalysat which come and go round the lantern held at midnight by the master of the show. You can give the politicians cards and spades when it comes to anticipating events that never occur, figuring out angles and editorializing in the sacred, and always wholly factual news columns. I am less and less impressed by the mail which the papers stimulate. I recall up in Albany Governor Smith asking Jimmie Mahoney, a very canny secretary, about the volume of mail on a fomented, blown-up, current issue. Jimmie replied, "Governor, I weighed the pros and cons on the package scale, and the cons won."

You ask me now and then, "Do you get angry when you are criticized?" Very rarely, if there is any artistry in it. I admit a reluctant admiration of clean hatchet work, performed conscientiously and with solemnity—almost a religious rite—and at the end a nice job of drying without wiping, which leaves the edge undulled for the next occasion.

I never kid myself into believing that there is anything unique or indispensable in my experience, or that wisdom will die with me. As Fitzgerald, not Honey Fitz, but the Reverend Edward, remarked, "The eternal saki from that selfsame bowl has poured millions of bubbles like us, and will pour." Critics should be greeted in the truly comic spirit of Scaramouche, who was born with the gift of laughter and the sense that the world is mad.

A critic usually makes a bum author. I refer you to a famous essay of a couple of centuries ago called "English Bards and Scotch Reviewers." A belligerent Scotch critic and playwright called, I believe, John Home tried his hand at constructive writing and produced a patriotic turkey called "Douglas." On opening night another Scotchman, overcome with enthusiasm, leaped to his feet in the gallery and shouted, "Whar is your Willie Shaksper noo?"

The critics are often found high up and safe in the fastness of ivory towers, shouting raucous, bold and uncompromising directions to those battling in the forum below. You Silurians will recall the story about Chapin, the famous city editor, who went nuts and ended in charge of landscaping at Sing Sing. Chapin sent a cub reporter to a hush-hush radical gathering. The reporter, tossed out on his can, staggered to a telephone booth and told Chapin about the bum's rush. Chapin roared, "Go right back and tell those blankety-blanks they can't intimidate me."

The pressman creates his own environment and atmosphere. A lad who is happy in smoke and monoxide is unhappy in the thin air of Alpine heights. Englishmen are happiest in the anonymity and seclusion of a pea soup fog. My job as head of the World's Fair is to radiate optimism, not gloom, in spite of provocations. I don't begrudge the wurra wurra boys their happy anticipation of impending tragedy. Let them weep into their beers. It is a luxury I can't afford. Adlai Stevenson said to me one day, "When you drop that alligator hide, leave it to me." I could not bequeath it to a better man.

I am always in fear and trembling that the representatives of some of the new African and other republics, when they come to discuss their pavilions and exhibits at the World's Fair, will ask me embarrassing questions, not so much about free enterprise as about our own vaunted system of government as a model for new aspiring nations. The truth is that our American political history is not in all respects a splendid example of utopia for growing foreign boys and visiting athletes in the coming Olympics of Progress at Flushing Meadow.

We have broken our necks at the fair to help the participating new republics display their skills, wares and ambitions. I have a sneaking notion that they are not as green, primitive and eager for instruction with

kindergarten blocks as some of us think. They are old in earthy experience and we are still the innocents of the new world. We think we invented and perfected the democratic process and must pass it on, like the missionaries with their Bibles and mottoes, to the heathen, to those Mr. Kipling in one of his less inspired messages called the "lesser breeds without the law."

To be honest you must say to these ambitious rising people that they must develop genuine, dedicated leaders and depend upon them, rather than upon constitutions, charters, declarations, organization charts and economic guesswork and, on the other hand, reflect on how much of the world's critical, momentous business has been in the shaky hands of sick men—for example, Woodrow Wilson and Franklin Roosevelt in their last months.

Think, my troglodyte friends, of William Jennings Bryan, the fearless, leather-lunged orator of the Platte. Our democracy has buried stranger Caesars than ever graced the Roman forum. Bryan owed his nomination to a speech advocating someone else, an oration so incredibly corny that you could not believe even an exhausted, delirious, sweating American convention could take it. By invoking the cross of gold and crown of thorns, Bryan bedevilled his party for a quarter of a century, ran three times for President, was a grotesque Secretary of State and foisted the accursed 18th amendment on his countrymen.

Almost half of our electorate actually believed that this Nation, and indeed the whole world, could be saved by banning ardent spirits. Bryan was a pioneer in a number of good causes and anticipated quite a few reforms, but think of the dubious blessings he sought to wish on foreign nations. Remember that this arid statesman boycotted a diplomatic function because he heard that liquor would be served. Bryan truly believed that the wages of gin is breath.

In an odd way Bryan makes me think of Pedro Chicote, the Madrid restaurateur and world's champion collector of liquor bottles. He has 20,000 in his cellar and at our invitation brought 500 of them to the World's Fair. They are nicely exhibited over the Terrace Club bar next to Rube Goldberg's inimitable cartoons. One Chicote is worth a hundred Bryans. Another fair exhibitor, a brewer, told me in all seriousness that what unifies the world is not platitudes about the brotherhood of man, but beer.

But back to Bryan: After a farcical, clownish, fundamentalist monkey trial, this pious man, who hated wine, gorged himself on ice cream and watermelon and died of apoplexy. Bryan's big trouble was that he could control only one major appetite at a time. Henry L. Mencken, a Baltimore Silurian and perhaps the greatest reporter of his time, back in his favorite rathskeller in Baltimore, heard the news, leaped to his feet, raised his stein on high and shouted, "Well, we killed the old S.O.B."

But what I most deplore in our Bryans is not their piety, unorthodox economics, and dogmatic ignorance, so much as their command of empty, sonorous, popular phrases. The presidential assizes are upon us. We face a year of fearsome rhetoric. Surely you Silurians have heard the story of that Ulimus Romanorum, Dr. Samuel Johnson, who was never caught with his dictionary down. It seems that someone—I guess it was the ubiquitous Boswell—came upon the doctor in the arms of Morpheus and Miss Annie Green. "I am surprised," said Boswell. "No," said the doctor, "you are astonished, I'm surprised."

In presenting the new nations the image of our United States, we must also draw the curtain lightly over another fearless statesman, Warren Gamaliel Harding of Ohio, whose poker and bourbon friends gave him the works while Charles Evans Hughes, dean

of the Cabinet and Secretary of State, nervously stroked his whiskers and prayed that providence might remove his boss quietly.

Shall we try to sell the new republics the Horatio Alger heroes? We Americans are a funny people—I mean funny peculiar—a prey to mixed motives, Trojan and Tyrian, romantic and realist, puritan and philistine. It shows in our daily lives, our politics, and in the press, which holds a somewhat cracked mirror up to nature. In the streets of Gath and Askalon the scoffers can get a big horse-laugh out of our inconsistencies and vagaries, but we blunder through to the nearest thing to freedom and prosperity as yet apparent in this vale of tears. It's nothing to brag about and force on others, but surely nothing to hide.

We live in a world of rapid change. The political clichés of yesterday are fast disappearing. In the expensive race for high office, millionaires seem to be able to overcome the handicap of names synonymous with wealth. I remember a neighbor's small boy taunting one of my daughters at a rehearsal in his father's garage with the remark, "You can't ever be President. In the first place, you're a woman and in the second place, you have to be born in a barn."

Let us as a people be a little more modest, less boastful, less sure of our mission and inspiration. Let us cultivate a bit of humility. Leave us, as the "Guys and Dolls" would say, not be too noble. Fine objectives are not to be despised or derided. The fact that many find it difficult to live up to the Ten Commandments and the Sermon on the Mount does not make these revelations any less valid, but pharisaical breastbeating is another matter. As applied to politics excessive piety is human, but it should fool nobody and certainly not the fourth estate which sits in the galleries and observes with detachment the antics on the floor. How can we expect that a candidate frantic about tomorrow's election will think about posterity which works no levers in the polling booths, and ponder the verdict of history which is not handed down until he is gone?

My fine friends, I am a reformed reformer. As a neophyte, loosely attached to the old New York Bureau of Municipal Research in the John Purroy Mitchel administration, I got about our sprawling municipal bureaucracy, made lifelong friends among elephant oilers at zoos, body sewers in morgues, engineers, accountants, bookkeepers, budding and tired lawyers, ditto judges, rising and aspiring politicians, efficiency experts, members of pretzel varnishers' unions and of course demon reporters. I became for a time a firm believer in constitutional amendments, charters, organization charts, forms of government and the lingo, mystique, abracadabra, high signs, incunabula and exegesis of reform. Later as chief of the staff reorganizing the State government, I met Governor Smith and then my practical education began. At the feet of this Gamaliel I learned the facts of public life.

In those early days there was an able researcher in the Mitchel administration called Ben Welton, who had been associated with the mayor when he was commissioner of accounts. Ben's name came before the board of estimate for a nice increase. A Tammany man had sneaked into the board when one of the dedicated reformers, seeing the Tekel Tekel on the wall, disappeared into the New York Times. This hardboiled Tammany product remarked, "I'm against the increase. An efficiency engineer is like a Welsh rabbit, not Welsh, not rabbit, just a piece of cheese."

The way of the reformer is hard. Nice players do not win ball games. Our spasms of reform are usually exhilarating, brief, and exhausting. John Purroy Mitchel, with all his fine qualities, received less votes than the Socialist candidate when he ran for reelection in 1917. Mitchel was a handsome, gallant, arrogant, knifelike aristocrat, a

grandson of Mitchel the great Irish patriot, with more than a touch of Spanish which came through his mother. He suffered from moodiness and violent headaches. In his battles he even foolishly and unnecessarily took on the church, of which he was a more or less nominal member. He went down with reform.

Paul Wilson was another Mitchel administration reformer. He married Frances Perkins, later State industrial commissioner and U.S. Secretary of Labor. He and Frances accompanied the mayor on an inspection of the city water supply in the Catskill Mountains. Frances registered as Miss Perkins and asked for a double room with Paul. The innkeeper raised hell and, alert journalism being what it is, the story traveled everywhere. On another occasion the same old grizzled landlord asked for a couple's marriage license. The man in a rage tossed him a fishing license. A little later there was a great pounding on the door, and the landlord shouted, "If you ain't done it, don't do it. This ain't fer it."

In 1914, Tammany, already recovered from the Mitchel fusion triumph of the previous year, put in the mansion at Albany a tall, rangy, imitation cowboy Congressman called William Sulzer who could out-Bryan Bryan. Herbert Bayard Swope, a great Silurian, reported that in a second-floor synagogue, following a terrific harangue about Russian massacres, Bill Sulzer, who always referred to himself in the third person as though he were speaking of a remote, revered statesman, was asked by Swope how he could say that Jews got on their knees since they do not pray on their knees. Sulzer spat a wad of tobacco juice at the Franklin stove and replied, "Ordinarily, Herb, you are right, but when they think of Bill Sulzer, they get on their knees." A little later Sulzer was impeached and removed from the governorship.

Red Mike Hylan, who came marching into city hall as reform collapsed, was a broth of a boy. Among his many classical remarks was one addressed to Governor Smith, who had come from Albany to explain the New York port plan and to attempt to persuade the mayor to be for it. The Governor took me along for company—so I can vouch for what happened. His honor listened with rapt attention to an eloquent exposition of the geographical unity and indivisibility of New York Harbor, then put his arm around Alfred Emanuel and said, "Al, to hell with New Jersey. Let's have a port authority of our own."

Jimmie Walker, who succeeded Hylan, was, believe it or not, an exceptionally firm, dignified, businesslike, and yet humorous presiding officer at hearings and meetings of the governing body of the city. Perhaps it was because he was restless, did not suffer bores gladly and was impatient with longwinded demonstrations, perhaps because he had a talent for the dispatch of public business fortified by long experience in the legislature at Albany. He knew how easy it is for a few hundred people to preempt all the seats in a small chamber and pretend that a noisy, jeering, cleverly led faction represents 9 million people in a city or 17 in a State. At any rate, he disposed of calendars with dispatch and fairness and avoided prolonged, exhausting sessions which make a joke of the so-called democratic process.

It is my belief—perhaps I should say hope—that something like the established and respected procedure in an appellate court will become routine practice at the regular public hearings and meetings of administrative governing bodies with time fairly allotted, boisterous interruptions and demonstrations curbed and slander and personalities ruled out.

One reason why the Communists took over large parts of Europe after World War II was that they infiltrated legislatures by

means of proportional representation and similar devices, were indifferent to the decencies of debate, established sounding boards for propaganda, and skillfully used parliamentary trickery, not for the free expression of opinion, but to make respected, orderly government impossible. The next move is to bring radio and television right into the councils. The demagogues may then ignore the presiding officials entirely and address the world. Silurians who have read Henry Adams' "The Degradation of the Democratic Dogma" will recognize the familiar signs of decay in government of, by, and for the people.

Speaking of Henry Adams reminds me of what he said about his grandfather, John Quincy Adams. John Quincy Adams, distinguished scholar, holder of about every office of honor in government, in his declining years invited death by travel in wretched trains, stagecoaches and boats to deliver a lecture on astronomy to eager listeners at Cincinnati. Adams literally committed suicide to bring science into government, after Gen. Andrew Jackson, who despised learning, had introduced the common man to the elegance of the White House. The country somehow survived them both, but what a contrast. Unlike the dynamic artist who in his youth paints the sea and movement, and ends up in his old age as a placid student of still life, J. Q. Adams branched out from weights and measures into space and energy, anticipating Willard Gibbs, our greatest and most obscure scientist, another gift of New England to the ages.

Jimmie Walker went with the wind and flung roses riotously with the throng, but was always faithful to New York in his fashion. Jimmie and a lady friend shared a love nest in Queens on what is now the Grand Central Parkway. We took it in acquiring rights of way. Jimmie, who had approved the plans without looking at them, was in a state. I suggested that a small truck farm across the way be substituted. The mayor and his chums promptly bought it, moved the nest over and in a month, as one of the engineers remarked, "the ivory (sic) was growing over it." That's how parkways are built.

As a senator, Jimmie was the Rupert of debate. He demolished a cogent reasoned speech of a learned opponent with a gay wisecrack. Courtlandt Nicoll, a silk stocking senator, once held forth for an hour on the iniquities of the 5-cent fare. Jimmie rose, referred to the need of saving time and replied, "The senator from the 15th has gone pretty far for a nickel himself." Nobody remembered anything but Jimmie's witticism.

The quaint humor of Jimmie's entourage is brightly illustrated by the title "Abroad With Mayor Walker" which Hector Fuller gave his book describing a happy tour of Europe. Jimmie, if I may paraphrase Shakespeare, had that one touch of vulgarity that makes the whole world grin. And when, at an inner circle dinner, shortly after Jimmie died, the first violin rose, drew his bow across the intestines of the agile cat and exhorted his instrument to its utmost tenderness with Jimmie's theme song, "Will You Love Me in December as You Do in May?" there was a lump in every throat and not a dry eye in the house. It was the perfect tribute of Broadway and the press to a great little guy and an incorrigible New Yorker.

LaGuardia, who succeeded Walker, was an extraordinary chief executive, liked to think of himself as a tribune of the people, and as an undeviating practitioner of democratic principles, but he put up with little independence on the part of subordinates. It was said that only Paul Windels, Bill Carey, the sanitation commissioner, and I were in this category. This was flattering indeed. At least I lasted the full three terms in various capacities.

Bill Carey was a big contractor. He didn't need a city job and regarded the sainted Fiorello as just about the most amusing companion he had ever encountered. Bill made and lost several fortunes. Just before the crash, he hired a mansion on the north shore of Long Island and threw a party which put in the shade those of the Great Gatsby. Half his guests were strangers attracted by lights and music. Some were put to bed in hastily summoned cots in the huge tents put up by the caterers. Bill thought it would be a hell of a joke to remove the tents, and so corpse-like hangers woke on a bare hillside, lonesome, cold, uncovered and blinking in the first rays of the rising sun. Within a week Bill had lost every dime he had, but he came back strong with the support of loyal muchachos. La Guardia never said to a stenographer in Bill's presence, as he did frequently in the case of most of his cabinet, "If you were any dumber, I would make you a commissioner."

In my fondest reminiscences the name of Governor Smith is always cropping up. The late Charles Hayden provided the big astronomical dumbbell for the Hayden Planetarium. The Reconstruction Finance Corporation loaned the money to build. I was the chairman of the commission appointed by Governor Lehman to present projects to the RFC. I asked Governor Smith to speak for us. Jesse Jones, head of the RFC, liked the Governor. He got the Planetarium loan, which was a dubious one. Jesse Jones told Al Smith confidentially that one member of the RFC voted for the Planetarium thinking it was a cafeteria. Such are the mysterious processes of bureaucracy.

Well, I have rambled far afield. That's what happens when you sink into your anecdote. Thanks, Silurians, for letting me join you. You Paleozoic characters have climbed out of the primordial slime to look at the stars. More power to you.

#### A KENNEDY MEMORIAL

Mr. SALTONSTALL. Mr. President, on behalf of the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Pennsylvania [Mr. CLARK], and myself I ask unanimous consent to have printed in the RECORD an editorial published in this afternoon's Washington Evening Star, which makes a suggestion that the National Cultural Center be renamed the Kennedy Memorial Cultural Center. President Kennedy took a great interest in the cultural center and Mrs. Kennedy and Mrs. Eisenhower are its honorary chairmen. The interest of President Kennedy and Mrs. Kennedy in this center has long been well known.

Mr. President, this suggestion has great appeal to us and we are sure it will have to others. However, we suggest that, before this idea is carried further, Mrs. Kennedy be given an opportunity to express her wishes. Certainly at this time no one would wish to press for a decision on the matter, but if she feels that this would be a nice idea we are sure that we would all believe it was most appropriate.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### A KENNEDY MEMORIAL

His own best memorial will live in his own memorable words, for he spoke in trumpets, summoning us to seek our finest nature and to fit it to the difficulties and dangers of our time.

Our own best act of remembrance must continue to be the faith we keep with his imperatives.

But the heart desires and the slain leader deserves a more tangible, more specific memorial, a physical place in the Nation's Capital corresponding to his place in prayer in the Nation's heart.

There can be no more fitting memorial than the dedication, now to him, of the National Cultural Center.

The President and Mrs. Kennedy brought to the center of things the service performed by the arts for men and women. In thought and speech John F. Kennedy moved with familiar friendship among the poets and the prophets. It was the same in his and Mrs. Kennedy's home. The White House became a place of welcome for musicians and painters, dancers, and writers.

The idea of the Cultural Center preceded the Kennedy administration. But President Kennedy gave the idea force and form, and a singularly personal leadership, without which it could hardly have achieved its present development.

Mrs. Kennedy, from whom we have learned to bear loss with dignity, was even more deeply involved. To salute her loss as well as ours, a Kennedy Memorial Cultural Center would speak intimately of part of her gift to us.

Other memorial proposals have been made, chiefly of renaming athletic stadiums already in existence. The Cultural Center as a memorial to Mr. Kennedy is not only uniquely expressive of a purpose shared by the President and his wife. Since it is now in early process, since funds are still being raised, it also would give all Americans the chance to remember the President by bringing to completion an intent and wish of his.

The change of name and the dedication should be made at once. The building should be brought to reality as soon as possible.

John F. Kennedy will live in the hearts of men. Let him live also in the arts he loved.

#### WISCONSIN'S GOVERNOR REYNOLDS A MAN OF CONVICTION AND COURAGE

Mr. PROXMIER. Mr. President, Wisconsin citizens are blessed to have a highly gifted and honest commentator on State government whose column appears in many papers throughout our State. His name is John Wyngaard a man equally respected by Republicans and Democrats in Wisconsin. John Wyngaard has earned a reputation for painstaking objectivity and scrupulous fairness. Those who speculate on his personal convictions are inclined to assume that he tends to conservative views.

Our present Governor of Wisconsin is a man of frank, outspoken, liberal views on virtually every issue. Recently Mr. Wyngaard, who at times has differed sharply with Governor Reynolds on issues, evaluated our Governor as a man.

That remarkable evaluation of our Governor by this thoroughly competent and objective commentator deserves national attention. I ask unanimous consent that this column from the Janesville Gazette be printed in the RECORD at this point.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

GOVERNOR REYNOLDS HAS COURAGE TO BACK CONVICTIONS, EVEN IF IT COSTS HIM BALLOTS

MADISON.—In the wake of the overwhelming defeat of the latest series of bills in the

Wisconsin Legislature to outlaw racial discrimination in the sale or rental of housing, the question inevitably arises:

What of the insistent pressure from Governor Reynolds on behalf of such bills in spite of the sullen resistance of many members of his own party in Milwaukee County, where the Negro housing problem, however it is defined, clearly centers?

Was the Governor's earnest campaign for such legislation merely a political play, devised out of an awareness of the increasing size of Negro community and its usefulness in what may be another close election scrape next year for him?

Is this a revolt by the rank and file Democratic politicians playing the pragmatic game, against the wishes and the advice of their titular statehouse leader who is more idealistic than practical in such matters?

No one can assert with any certainty what are the motives and private calculations of politicians. There is a tendency among critics to assume the worst—that the politician who likes to hold his office is devoted minute by minute to the invention of means to retain or attract votes.

But on the contemporary Wisconsin record some reasonable deductions can be made, and they point to the probability that the revolting Democrats from Milwaukee (and a few from out of State) are putting their own political safety ahead of their allegiance to their party platform and leaders in dealing with race relations in a legislative way.

Similarly, a legitimate deduction can be made that the Governor is not helping himself in gaining votes, and may very well be damaging his reelection campaign, by adhering so obdurately to his position that discrimination in housing must be outlawed.

This reporter has observed that Mr. Reynolds is probably the most underestimated top figure in State politics. No one who knows him well can doubt the utter sincerity of his belief in civil rights. No one who knows the sense of realism with which he confronts politics can doubt that he knows the risks he is taking.

He knows now exactly what he is doing. But there is not the slightest chance that he will deviate from what he regards as a principle to which he has been committed all of his life. Many of his political friends have pleaded with him. To them he has mildly replied that he is as likely to win some votes by refusing to compromise his most basic beliefs as he is by capitulating to the demands of those who believe he is stubbornly wrong.

Mr. Reynolds is often misunderstood. He tends to walk with a slight slouch. He does not have the false pride so often felt by men in high office. He is not eloquent. His tastes are sometimes plebeian. His lack of a sense of punctuality is notorious. Altogether he impresses many persons as a very ordinary fellow. But what he believes he believes deeply and it may possibly be that this may also be good politics.

#### TV: A CHAPTER OF HONOR

Mr. PROXMIER. Mr. President, television and radio did a magnificent job in the past 5 days in covering our national tragedy. Not only was the coverage dignified and in immaculate taste, it was remarkably competent and frequently it soared with imaginative, if tragic, beauty. The intelligence and sensitivity of the commentary and the continuously expressed dedication to this country's strength and solidity in its hour of terrible grief was superb.

Mr. President, this marvel of the 20th century—television—displayed in the past 5 days what an amazing contribution it can make to instilling in Ameri-

cans a sense of this great country and what it stands for.

I ask unanimous consent to have printed at this point in the RECORD a column by Jack Gould, the TV critic of the New York Times, and a column by Lawrence Laurent, of the Washington Post, evaluating the great job television has done for America.

There being no objection, the columns were ordered to be printed in the RECORD, as follows:

[From the New York Times]

TV: A CHAPTER OF HONOR—MILLIONS JOIN IN RITES THROUGH SENSITIVE AND TASTEFUL CAMERA COVERAGE

(By Jack Gould)

In every way but physical presence, untold millions of persons joined in yesterday's final rites for President Kennedy.

With dignity, restraint, and resourcefulness, television made families from coast to coast part of the sorrow, ritual, and renewal in Washington.

When the day's history is written the record of television as a medium will constitute a chapter of honor.

From the early morning scenes of chilled mourners filing through the great rotunda of the Capitol to the late afternoon shadows across Arlington Cemetery, the scenes on the screen demonstrated that the cameras were in sensitive hands.

If one consequence of the assassination of the President is a rekindling of an awareness of civilized values television will have helped to bring it about.

After the agonizing events in Dallas, a better American demeanor and tradition appeared clearly on the screen yesterday.

The three television networks—the American Broadcasting Co., the Columbia Broadcasting System, and the National Broadcasting Co.—achieved a tour de force of electronics.

Whatever a viewer wanted to see next, a camera was ready to show it—at the Capitol, on the route to the White House, in the procession to St. Matthew's Cathedral, in the cathedral itself and on the journey to the grave.

The pooling of such vast facilities on such short notice bespoke vast preparations; not many in the TV news and engineering departments have had much sleep recently.

Aerial views of striking composition conveyed the sense of a city enveloped in a somber spectacle; closeups showed the involvement of the people of the world who, by chance of a camera perspective, at one point were merged into a single multitude.

That scene came as foreign heads of state, American dignitaries, Congressmen, White House staff members, wives and children walked from the White House toward the cathedral behind Mrs. John F. Kennedy and the Attorney General.

The great and the unknown blended together in a procession that seemed almost random but at the same time had its own eloquence as an example of the behavior of democratic people.

Of the visual vignettes, none was more moving than the sight of Mrs. Kennedy entering the rotunda before the removal of the coffin.

The good taste of television then asserted itself as the cameras veered away to assure privacy for Mrs. Kennedy.

The later sight of Mrs. Kennedy awaiting the start of the cortege was for some viewers the hardest moment of the day.

Inside St. Matthew's there came the touch of pure television that may be remembered the longest. As the most famous sentence in President Kennedy's inaugural address—"Ask not what your country can do for you, ask what you can do for your country"—

came from the loudspeaker, the screen showed the lonely flag-draped coffin.

President de Gaulle and Emperor Haile Selassie of Ethiopia, perhaps the tallest and shortest of the world figures in attendance, made an unusual pair, one that only a stroke of history might arrange.

There was the scene, after the service, of Richard Cardinal Cushing comforting Mrs. Kennedy and her daughter, Caroline, with a kiss.

Outside the cathedral the viewer saw her son, John, Jr., looking at his mother with the familiar puzzlement of a little boy for whom it is past nap time.

But the day was not composed of pictures alone; the sounds from Washington could be heard. These included the tattoo of muffled drums, the hoof beats of the horses, the measured cadence of the honor guards, a tolling of a distant bell and the sound of bands as they played marches and hymns.

And often there was silence.

As the cameras last night covered the reception for foreign leaders, normal conversational tones returned to the commentators and the first smiles and touches of informality were seen since last Friday. It was well that they did; the viewer's reservoir of grief was empty.

[From the Washington Post]

COVERAGE STAYS AT PEAK LEVEL

(By Lawrence Laurent)

The television industry continued its finest performance yesterday, the third day of no commercials or regular entertainment features. The same policy continues today with all stations prepared to resume normal schedules at sign-on time, Tuesday.

Network reporters worked with little sleep, but the weariness rarely showed on camera. The coverage of memorial services for the late President Kennedy was marked by restraint, thoroughness, and the ability to mobilize swiftly for an unexpected news development.

The fatal shooting of Lee Harvey Oswald in Dallas was shown on video tape many times to the Nation's 50 million television homes. Cameras had already been set up in the basement of the Dallas City Jail where the shooting took place.

NBC interrupted its Washington coverage to switch to Dallas within 5 minutes of the event. Reporter Tom Pettit, working in the frenzied atmosphere, remained calm and did a solid job of etching in the missing details. In addition to the video tape recording, CBS came up with a superb set of photographs that were in sequence and had the appearance of motion pictures.

The fine coverage is being coordinated by CBS-TV's Art Kane, who came to Washington on Friday from his CBS News post in New York.

In preparing for Sunday and Monday memorial services and the funeral, a CBS construction crew worked in the Saturday rain and completed work at 4 a.m. Sunday. They built eight platforms for pool cameras. Four are near St. Matthew's Cathedral, two at the Capitol, one at Constitution Avenue and 17th Street NW., and one on Henry Bacon Drive, near the Lincoln Memorial.

Additional camera platforms were being built yesterday for the funeral services at Arlington National Cemetery.

One Washington television station manager, who asked that his name not be published, estimated that the 4 days of television would cost the station "about \$50,000." The cost takes in operating expenses and the loss of normal revenue.

Other station operators declined to make estimates.

Along with the detailed live coverage, producers had their research teams searching for film and video tape on the President's

career. These were used throughout the day and evening.

Television stations also produced panels of experts, called in to discuss implications of the shift from Mr. Kennedy to President Johnson.

Excellence has become routine in the coverage. Particularly outstanding was the work of Roger Mudd of CBS at the Rotunda of the Capitol. ABC, in late afternoon, put together commentators Howard K. Smith and Edward P. Morgan for a discussion of the "hate" organizations in the United States. They had a thoughtful, sobering discussion.

Noteworthy, also, has been the sure grasp of news developments by David Brinkley of NBC and Walter Cronkite of CBS.

The scope of the television coverage and its flawless handling of this tragedy should enable every member of broadcasting to stand taller.

#### A TRAGIC, NEEDLESS DEATH

Mr. McINTYRE. Mr. President, each of us has his own thoughts and feelings of loss this day. But I believe a brief editorial in a newspaper in my State of New Hampshire has set down in words the thoughts and feelings of a great number of Americans.

I ask unanimous consent to have printed in the RECORD at this point an editorial from the Portsmouth, N.H., Herald, of November 23, 1963, entitled "A Tragic, Needless Death."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### A TRAGIC, NEEDLESS DEATH

There are no words that give adequate expression to the feeling of shock and sorrow brought by President Kennedy's death. The suddenness of the event, in all its infamy, seems too much to grasp. The sense of loss is too great.

But it isn't only a reaction of remorse and bewilderment that occurs. There is also one of anger and indignation. For the American people have been confronted with the terrible truth that a President of the United States can't do his duty as he sees it and remain safe in his own land.

Complaint is not made here, either, of any lack of precautions to protect the President. He was as well guarded as practical circumstances would allow. But at a time when so many fanatical-minded citizens put reason aside to embrace the extremes of discord, depravity becomes a greater menace than the best security can overcome.

It is in such a rabid atmosphere that lunatics take license to practice violence. They are encouraged by the sound and fury of organized malcontents who somehow are credited with respectability, yet who have no real purpose but destruction.

It makes no difference whether the extremism runs to left or right. When the Nation's laws and institutions are scorned, when the elected leadership is treated to open and vicious abuse, when the rights of fellow citizens are ruthlessly trampled upon, the particular direction of political leaning is a matter of small consequence.

What counts is the fact that such extremism exists at all, and that the fact of its existence leads to a crime so foul as to take the life of a President.

While it cannot be said that President Kennedy's death was a direct result of conspiratorial evil, neither can the idea be disallowed that the present state of political emotions was at least partially responsible. That is, to the extent of further perverting an already demented mind.

It is too late now, however, to think of what might have been. President Kennedy

is dead, a victim of the hate he devoted his life to counteracting. What matters in the aftermath is that his death was not in vain—and to this end there is fervent hope that the fomenters of malevolence and disunity will have cause for earnest soul-searching.

Meanwhile, the prayers and sympathies of all good Americans will abide with the Kennedy family. They have so much to mourn, but in the years ahead comfort will come from the knowledge they shared the life of one of the Nation's greatest men.

For the new President, Lyndon B. Johnson, there can only be the solemn hope that he will enjoy the good health to bear the heavy burden that fate has handed him. It's a blessing to the country that one so skilled in the demands of leadership occupies the place of succession.

The task ahead will not be an easy one, but President Johnson—thanks to Kennedy's wisdom—is properly prepared for it.

#### NAMING OF HIGH-RISE PROJECT FOR THE ELDERLY IN MEMORY OF PRESIDENT KENNEDY

Mr. McINTYRE. Mr. President, I think it most fitting that it has been decided to name a new high-rise project for the elderly in Concord, N.H., in memory of the late President John F. Kennedy. This is among the first Government buildings in the Nation which will bear the late President's name.

The new edifice, to be constructed next spring, will include a number of facilities for the elderly, including a health center, and will also house a mental health clinic. The late President held close to his heart the problems surrounding the elderly and mentally ill of this Nation, and he articulated them as had no man before him. Among the many great monuments which will stand as permanent reminders of John F. Kennedy will be his humane programs to bring the mentally ill out of the darkness and back into society and to insure adequate medical care to the senior citizens of America.

I wish to congratulate the commissioners of the Concord Housing Authority for this thoughtful and appropriate memorial of John F. Kennedy.

#### EULOGIES TO THE LATE PRESIDENT JOHN F. KENNEDY

Mr. HUMPHREY. Mr. President, on Sunday, the Members of this body joined in the memorial services held for our late President in the rotunda of this building. We were moved deeply by the words spoken there and they deserve the contemplative consideration of every American.

Mr. President, I ask unanimous consent for the eulogies given by our distinguished majority leader, Senator Mansfield, by the Chief Justice, Mr. Warren, and by Speaker of the House John McCormack to be printed in the RECORD.

There being no objection, the eulogies were ordered to be printed in the RECORD, as follows:

BY SENATOR MANSFIELD

There was a sound of laughter; in a moment, it was no more. And so she took a ring from her finger and placed it in his hands.

There was a wit in a man neither young nor old, but a wit full of an old man's wisdom and of a child's wisdom, and then, in a moment it was no more. And so she took a ring from her finger and placed it in his hands.

There was a man marked with the scars of his love of country, a body active with the surge of a life far, far from spent and, in a moment, it was no more. And so she took a ring from her finger and placed it in his hands.

There was a father with a little boy, a little girl and a joy of each in the other. In a moment it was no more, and so she took a ring from her finger and placed it in his hands.

There was a husband who asked much and gave much, and out of the giving and the asking wove with a woman what could not be broken in life, and in a moment it was no more. And so she took a ring from her finger and placed it in his hands, and kissed him and closed the lid of a coffin.

A piece of each of us died at that moment. Yet, in death he gave of himself to us. He gave us of a good heart from which the laughter came. He gave us of a profound wit, from which a great leadership emerged. He gave us of a kindness and a strength fused into a human courage to seek peace without fear.

He gave us of his love that we, too, in turn, might give. He gave that we might give of ourselves, that we might give to one another until there would be no room, no room at all, for the bigotry, the hatred, prejudice and the arrogance which converged in that moment of horror to strike him down.

In leaving us—these gifts, John Fitzgerald Kennedy, President of the United States, leaves with us. Will we take them, Mr. President? Will we have, now, the sense and the responsibility and the courage to take them?

I pray to God that we shall and under God that we will.

#### BY CHIEF JUSTICE WARREN

There are few events in our national life that unite Americans and so touch the heart of all of us as the passing of a President of the United States.

There is nothing that adds shock to our sadness as the assassination of our leader, chosen as he is to embody the ideals of our people, the faith in our institutions and our belief in the fatherhood of God and the brotherhood of man.

Such misfortunes have befallen the Nation on other occasions, but never more shockingly than 2 days ago.

We are saddened; we are stunned; we are perplexed.

John Fitzgerald Kennedy, a great and good President, the friend of all men of good will, a believer in the dignity and equality of all human beings, a fighter for justice, an apostle of peace, has been snatched from our midst by the bullet of an assassin.

What moved some misguided wretch to do this horrible deed may never be known to us, but we do know that such acts are commonly stimulated by forces of hatred and malevolence, such as today are eating their way into the bloodstream of American life.

What a price we pay for this fanaticism. It has been said that the only thing we learn from history is that we do not learn. But surely we can learn if we have the will to do so. Surely there is a lesson to be learned from this tragic event.

If we really love this country, if we truly love justice and mercy, if we fervently want to make this Nation better for those who are to follow us, we can at least abjure the hatred that consumes people, the false accusations that divide us, and the bitterness that begets violence.

Is it too much to hope that the martyrdom of our beloved President might even soften the hearts of those who would themselves recoil from assassination, but who do not shrink from spreading the venom which kindles thoughts of it in others?

Our Nation is bereaved. The whole world is poorer because of his loss. But we can all be better Americans because John Fitzgerald Kennedy has passed our way, because he has been our chosen leader at a time in history when his character, his vision, and his quiet courage have enabled him to chart for us a safe course through the shoals of treacherous seas that encompass the world.

And now that he is relieved of the almost superhuman burdens we imposed on him, may he rest in peace.

#### BY SPEAKER MCCORMACK

As we gather here today bowed in grief, the heartfelt sympathy of Members of the Congress and of our people are extended to Mrs. Jacqueline Kennedy and to Ambassador and Mrs. Joseph P. Kennedy and their loved ones. Their deep grief is also self-shared by countless millions of persons throughout the world, considered a personal tragedy, as if one had lost a loved member of his own immediate family.

Any citizen of our beloved country who looks back over its history cannot fail to see that we have been blessed with God's favor beyond most other peoples. At each great crisis in our history we have found a leader able to grasp the helm of state and guide the country through the troubles which beset it. In our earliest days, when our strength and wealth were so limited and our problems so great, Washington and Jefferson appeared to lead our people. Two generations later, when our country was torn in two by a fratricidal war, Abraham Lincoln appeared from the mass of the people as a leader able to reunite the Nation.

In more recent times, in the critical days of the depression and the great war forced upon us by Fascist aggression, Franklin Delano Roosevelt, later Harry S. Truman appeared on the scene to reorganize the country and lead its revived citizens to victory. Finally, only recently, when the cold war was building up the supreme crisis of a threatened nuclear war capable of destroying everything—and everybody—that our predecessors had so carefully built, and which a liberty-loving world wanted, once again a strong and courageous man appeared ready to lead us.

No country need despair so long as God, in His infinite goodness, continues to provide the Nation with leaders able to guide it through the successive crises which seem to be the inevitable fate of any great nation.

Surely no country ever faced more gigantic problems than ours in the last few years, and surely no country could have obtained a more able leader in a time of such crisis. President John Fitzgerald Kennedy possessed all the qualities of greatness. He had deep faith, complete confidence, human sympathy, and broad vision which recognized the true values of freedom, equality, and the brotherhood which have always been the marks of the American political dreams.

He had the bravery and a sense of personal duty which made him willing to face up to the great task of being President in these trying times. He had the warmth and the sense of humanity which made the burden of the task bearable for himself and for his associates, and which made all kinds of diverse peoples and races eager to be associated with him in his task. He had the tenacity and determination to carry each stage of his great work through to its successful conclusion.

Now that our great leader has been taken from us in a cruel death, we are bound to feel shattered and helpless in the face of our loss. This is but natural, but as the first

bitter pangs of our incredulous grief begins to pass we must thank God that we were privileged, however briefly, to have had this great man for our President. For he has now taken his place among the great figures of world history.

While this is an occasion of deep sorrow it should be also one of dedication. We must have the determination to unite and carry on the spirit of John Fitzgerald Kennedy for a strengthened America and a future world of peace.

#### AMERICA MOVES FORWARD

Mr. HUMPHREY. Mr. President, the sadness in our hearts at the tragic events of this past weekend remains. All the Nation weeps for a man, for his family, for what has been destroyed in our national life.

But the strength of our democracy is that it can overcome such a tragedy without the reins of Government falling slack. We move forward without confusion as our new President sets the course of Government.

The Members of this body know the exceptional talents and abilities of President Johnson very well. He served here with great distinction. Now, we may expect him to use his prodigious talents to make his Presidency a period of progressive and productive legislation and leadership.

William S. White and Max Freedman, two excellent analysts of Washington programs and people, have written thoughtful articles about President Johnson. I think it would be well, as we pledge ourselves to help him in these difficult days, to read their essays.

Mr. President, I ask unanimous consent that the articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

#### JOHNSON DESPISES LITTLENES

(By William S. White)

When there is death in the family there is shock and horror and grief and then there is, terribly and inevitably, the harsh awareness that life must go on for those who are left.

When there is death in the national family, death removing the very central arch of the power and purposes of the Western World, as brutal death has removed John Fitzgerald Kennedy, horror and grief are inexpressibly multiplied. But one thought, one emotion, must master all others.

This is that the Republic of the United States of America must go on, under the command now of a new President, Lyndon Baines Johnson. It is he upon whom the great burden has now fallen and it does not seem wrong to thank Providence that the successor is worthy of both the man who has gone and of the country they have both always loved and served, wryly, toughly, unsentimentally, and gallantly well.

If ever in all our history there was an hour when men must put aside all that is small, all that is angry and ugly and pettily partisan in our national life, this is, supremely, that hour. For unless all the people, the parties, the factions, the regions, the races, the clashing private interests, can summon up among themselves the sense and honor to unite behind the new President, the United States of America will face perils of disunity it has not known before.

Who is this man, Lyndon Johnson, who must now have the support, the help, and

the understanding of all who are in the United States, and of all they have said and are? What I am now about to say I should never in ordinary circumstances have said, for in ordinary circumstances it would be name-dropping in its most tasteless form. But because of the special circumstances, I say it all the same, so that readers may have some standard to measure the worth of my evidence.

#### MAN OF TOLERANCE

For 30 years—since he was a slim and eager young secretary to a Texas legislator—I have intimately known Lyndon Johnson as I have never known any other public or private man. I have known no other man of more true tolerance, if a tolerance sometimes hidden behind the brusque mannerisms of a master of his profession—politics—sometimes impatient of slower minds and always impatient with those of smaller motives than his own.

I have known no other man of truer compassion—to the poor and dispossessed, yes; but also to those of more favored status who, too, sometimes weep silently in the night from the fears, the anxieties, the pitiless pressures and private despairs which never wholly exempt any part of humankind.

I have known no man of more true devotion to this country—all of it, North and South, East and West, black and white, and brown and yellow. And I have known no public man, anywhere in the world, with a greater talent—indeed a greater genius—who has given greater service, sometimes at high cost to himself, to that old ideal of one nation indivisible under God and of justice for all so far as justice can be found in a world none of us ever made.

But precisely because he is a political genius, precisely because he has all his public life been too busy doing things—and too proud—to explain things about himself, this man has had his tireless detractors to a degree rarely seen in American politics. I have said this is no time for bitterness; accordingly, this is no time to go forward with this theme. It is a time, however, a desperately necessary time, to appeal to them right here in print to drop the little animosities of the past.

#### DEVOID OF LITTLENESS

For I say, weighing my words and in full awareness of their implications, that I have never known a truly first-rate man in either party who, truly knowing Mr. Johnson, has ever hated or despised or undervalued his incredible capacities, simple dislike and simple disagreement on principle being set wholly aside.

He has his faults, but this can be said of him: There is not anywhere in him an ounce of littleness; he is larger than life in every sense, including his complete inability to comprehend really little purposes in others.

I have said that I have been and have remained his friend through the greater part of the lifespan of us both; but I have also, on many occasions, been a critical friend on public issues, and may no doubt be on many occasions again. For among the largenesses of Lyndon Johnson is that one form of criticism and one alone can move him to swear like the combat naval officer he once was—he who can also weep for others like a child. This is the criticism of malice based on motives that are small and ugly.

This is a great political figure, a great and natural leader. But this is also, first and foremost and always a man, M-A-N.

**JOHNSON WELL TRAINED FOR ROLE—KENNEDY FOUND HE HAD SPECIAL TALENT FOR SIZING UP FOREIGN MATTERS**

(By Max Freedman)

TUCSON, ARIZ.—President Lyndon B. Johnson would be the first to admit that there are many things about the Presidency which he must learn for himself by stern experi-

ence in the next year. But his close association with President Kennedy has made him more qualified for the duties of the White House than Mr. Truman was immediately after Mr. Roosevelt's death, or than Mr. Nixon was after Mr. Eisenhower's heart attack. This training for the problems of the Presidency may well be Mr. Kennedy's last gift to the Nation which he served even unto death.

In measuring Mr. Johnson's patient preparation for the Presidency, it is not enough to think of the specific executive duties that Mr. Kennedy gave him. Mr. Johnson worked very hard on the space program and on the removal of discrimination in all contracts awarded by the Federal Government. But these activities touched the mere fringes of his relationship with President Kennedy. That relationship amounted to a partnership on public policy during the very period when thoughtless or ill-informed people were making silly little jokes about Vice President Johnson.

When President Kennedy discovered that Mr. Johnson had an unexpected talent for stating a case calmly and persuasively, he began to use the Vice President all across the Nation as a principal spokesman for the administration on issues ranging from unemployment to Berlin, from civil rights to Vietnam. After the speeches, it was Mr. Johnson's habit to report at once to President Kennedy on the temper of public opinion. From these discussions, which were frank and wide-ranging, President Kennedy gained new insights which enabled him to make necessary adjustments in his policies. They also gave Mr. Johnson the chance, which he greatly appreciated, to have a hand in the shaping or modification of these programs.

The same cooperation was even more visible after Mr. Johnson's trips abroad. The public saw little more in these ceremonial visits to other countries than the attempt to win some fleeting good will for the United States. What the public never knew, because neither the President nor Mr. Johnson saw any point in talking about it, was that each of these major trips produced an incisive and helpful report for the guidance of American policy.

President Kennedy and Secretary of State Rusk learned to rely on these reports, whether written or oral, and that is why they were always glad when Mr. Johnson could go on a foreign mission for a few days. As a result of this experience, President Johnson personally knows more about the world figures with whom he will be discussing the major questions of foreign policy in the next few months.

It has never been a secret to Mr. Johnson's friends that he would have done some things differently, or would have changed President Kennedy's emphasis in doing them. But there never was a murmur of discontent, never a suggestion of grievance, never an impulse to criticize. His loyalty to President Kennedy's program, both domestic and foreign, was unlimited and uncalculated.

It should be remembered that President Johnson's experience with the White House goes back to the era of President Franklin D. Roosevelt, when he was that President's favorite young Member of Congress. Then came the crowded years of association with President Truman and President Eisenhower when he was in and out of the White House many times a week. All these experiences will help to mold his judgment and influence his decisions now.

The last 3 years have taught him a great deal—in his numerous talks with President Kennedy on the most sensitive and controversial question of national policy; by his work on the National Security Council; by his careful study of confidential Government reports and documents; and by his endless discussions with public officials. President Johnson will unquestionably bring

some of his own people into positions of great responsibility into the White House. But he will make these changes very slowly, and he will aim always at preserving the greatest possible continuity in policy and personnel.

The large number of people who think that President Johnson was converted by President Kennedy to a new intense faith in racial equality and human dignity are strangely unfamiliar with his longstanding convictions, and with his personal dedication to this cause. The tone may be different in the new administration as it conducts its own campaign on civil rights but the target will remain the same.

We must think today not only of President Johnson but of his wife. She is, quite simply, and in the full meaning of the words, the most important influence in his life. Her quiet wisdom and constant dignity have helped him over many hard places in the past. They will be invaluable again to him in the White House.

President Johnson has always shown that he has what amounts to a political genius in creating the largest possible consensus for legislation. He is at his best when he is working in a spirit of national unity and is speaking for the national interest. There can be no better leader in this period of tension and tragedy than President Johnson as he seeks to hold the Nation together in sedate unity and to move it forward to new achievements. He deserves not only our compassion but our cooperation and support.

#### MENTAL HEALTH AND WORLD PEACE

Mr. HUMPHREY. Mr. President, on Thursday, November 21, I was honored to address a meeting in Washington, D.C., of the National Association for Mental Health.

This was a significant meeting, helping to mark the important achievements of the association and its related organizations on behalf of effective mental health programs. I commend the distinguished citizens from all parts of the country who have provided the leadership for these programs.

The Washington meeting gave me an opportunity to discuss the health of today's world—and some of the political and social illnesses which stand in the way of progress of our own society and international society. I emphasized that it is particularly important today for the United States to understand some of the significant changes which are reshaping our Nation—and indeed all nations—in recent years.

Mr. President, I ask unanimous consent that my address to the National Association for Mental Health be inserted at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

#### MENTAL HEALTH AND WORLD PEACE (By Senator HUBERT H. HUMPHREY)

In this season traditionally given over to the counting of our national blessings, we should be particularly grateful that there is a National Association of Mental Health.

Thanks, in large part, to the work of this great voluntary health agency, hundreds of thousands of Americans have been freed from despair and degradation, from the age-old tradition of inhuman confinement and brutal treatment of the mentally ill.

In this the centennial year of the Emancipation Proclamation, the process of emancipation from mental illness is on the way.

There is a new freedom for those who have been the prisoners of antiquated and obsolete treatment of mental illness.

Yet, there continues to be a shocking toll taken by psychiatric disorders in America.

We have only begun the great work of reducing the staggering backlog of unmet psychiatric needs in our communities—of care of the sick young and the sick old, of the institutionalized and the "walking wounded," of the juvenile delinquent and the mixed-up criminal adult, of the potential suicide and the alcoholic.

President Kennedy in his message to Congress in February of this year called for action on both the mental illness and mental retardation front. He asked for cooperative, united action in the Government and on the part of voluntary groups.

We can be grateful as a Nation this year for the enactment of one of the boldest programs in the field of mental health in the history of the world—the President's mental health and mental retardation law—Public Law 88-164.

If the 1st session of the 88th Congress had done nothing more than the passage of the President's mental health program, it could justifiably claim to have achieved a memorable record. In this accomplishment, we are deeply indebted to a great Senator whose name is identified with the health of this Nation and the welfare of our people—the senior Senator from Alabama, LISTER HILL. I have considered it a privilege to have supported his efforts, to serve with him in the Congress, and to be a cosponsor of the mental health and mental retardation legislation.

With the authorized \$150 million over the next 3 years, community health centers can be constructed which can substantially reduce the population of our large, centralized, public mental institutions.

Providing preventive services, early diagnosis, comprehensive treatment on both an in-patient and an outpatient basis, these centers will also provide the all-important aftercare for discharged hospital patients.

But, as you know, the final version of the act did not provide the necessary funds to staff these new facilities. We must go on to authorize such funds. You and I know that it takes more than four walls to bring a community health center to life. It takes trained people. It takes money to instruct them, and to keep them on the job.

Here again, short-sighted, self-styled "economy advocates" have proudly wasted a dollar to save a penny. Rather than saving money, such false economy will have "succeeded" in continuing one of the most shocking and indefensible wastes in the world: the waste of human lives.

Wholly aside from the suffering and anguish caused by failing to move ahead swiftly in the field of mental health, the actual dollar costs to our national economy are incalculable. I simply cannot understand the point of view that would deny a modest investment now in order to save literally hundreds of millions of dollars in annual tax moneys which will otherwise have to be expended for direct welfare purposes, for crime prevention and imprisonment, for paying—in short—the incredible direct costs of mental illness in our society.

We must have more psychiatrists, more psychiatric social workers and related personnel. We need them now. And, we are going to need them even more urgently each year, as we come to grips with old and emerging problems.

Each of us has an obligation to dedicate our intelligence, and our energy to the goal of providing this Nation with the intellectual and professional skills to solve the tragedy of widespread and preventable, curable mental illness.

There is a desperate need for greater cooperation between all levels of government—

Federal, State, and local—in launching a major offensive upon mental illness and the care and rehabilitation of the mentally retarded. In this great work the role of the private and voluntary groups is invaluable. The care and the treatment—yes, and the rehabilitation of the mentally ill and mentally retarded will require not only the scientific knowledge of the doctor and psychiatrist, but also the understanding professional competence of the social worker, the employment office, private industry, and government agencies. These are being supplemented in a significant manner by the efforts of our schools and the churches. We are particularly indebted to the National Institutes of Health and to Dr. Felix and his staff for their leadership and pioneering efforts.

These are matters of deep concern to the National Association for Mental Health. You need no exhortations to give of yourselves in this—yes, heroic—cause.

Now, I should like to spend a few minutes discussing the role of sanity, of logic, of reason, of emotional stability—all those goals of mental health—in terms of the life and death of our civilization.

For it is not individuals alone who can be afflicted with emotional instability, frustrations, and irrational behavior. Whole groups, entire nations can be swept into patterns of behavior which can have terrible consequences to themselves and to the future of civilization.

The continued life of our world—imperfect as it is—depends fundamentally on the mental health and the emotional stability of the world's leaders. For the power available to such men is so incredible that the world of 1963 literally hangs in the balance upon their decisions.

We live in the kind of a world with no margin for error.

We live in a world in which the penalty for rash judgment is monstrously out of proportion, in which the misjudgment or miscalculation of a powerful leader can bring down civilization in death and destruction; or where the act of an emotionally unstable person or irresponsible citizen can strike down a great leader.

No—the decisions of great nation-states are not child's play. Matters of peace and war, of life or annihilation, cannot be left to men who are dominated by wild emotionalism, or to fanatics, or to those who see the world as a child sees it.

The possibilities for thermonuclear war do not permit childish answers to the vital man-sized problems between nations.

No rational, mature society will accept quickie solutions for complex problems.

I believe, despite the shrill clamor from the extremists in our midst, that the vast majority of Americans demand in their leaders the qualities which we associate with the mature and rational individual—calm and courage in crisis; a determination to weigh the consequences of action, and, finally, firmness in making decisions and sticking to them.

Yes, to face danger calmly, to weigh the consequences, to be firm without being obstinate; to be resolute without being arrogant; to make the hard decisions; these are the hallmarks of the great leaders and Presidents. Everything else—brilliance of intellect, charm of manner, a magnificent voice—all these qualities are of relatively small consequence.

The keeping of an honorable peace is the overriding preoccupation of Americans. This is our commitment to a worried and anxious humanity.

We have learned in the 20th century to deal with mental illness compassionately and intelligently. We no longer recoil before its sign, or panic in its presence. We deal with it. We handle it. As a society, we take steps, as we are doing, to reduce it, to reverse it, to minimize it, to cure it.

So, too, we should deal with that emotional instability that afflicts a significant but small minority in our midst that some call the extreme right, some the Birchers, some the wild men of reaction.

We had another small but significant minority that "flew off the handle" in the 1930's; that swallowed extravagant promises; that thought in terms of slogans and dogma; that represented the fanaticism of the extreme left.

Today some of the very leaders of that fanatic movement of the left of three decades ago turn up as leaders of another fanatic movement, this time on the right. They still see the world in total black or white. They are still looking for immediate and final answers. They are still substituting dogma for creative thought. They are still angry, fearful, deeply and fundamentally disturbed by the world around them.

But we must not react emotionally to such emotionalism.

We must not permit ourselves either to be frightened by the fanatics in our midst or to be goaded into impulsive acts of repression against them.

Nor can we afford to let their strident voices become the dominant theme of the American orchestration.

Rather we must proceed with the work of the Nation, undaunted and undisturbed; to keep the peace, and to continue building our own imperfect society into something better for our children.

It is no coincidence that peoples of the Soviet Union also want a better life for themselves and for those who will follow after them.

I am intrigued and challenged by what appears to be happening in the Soviet Union—that center of hostile power which we have become accustomed to thinking of as implacable, monolithic and impenetrable. That citadel of terror and oppression under Josef Stalin, that fountainhead of violence and subversion, is showing signs of growing maturity. The world is being let in through the cracks in the once-solid Iron Curtain.

I am not optimistic as to believe that because we have an agreement at last on a nuclear test ban, the long cold war that began 16 years ago, is over or even deferred or greatly diminished.

But there are important things happening inside the Soviet Union, and inside the satellite nations of Eastern Europe. Every perceptive visitor who has had the opportunity of comparing his impressions this year with those of earlier years comes back convinced that the lid is coming off—the curtain is lifting, in Communist Europe, however slowly and cautiously.

There are important signs that the Soviet leadership is not paranoid as it once was, that it is beginning to accept the opportunity to communicate. The Voice of America is being allowed to get through freely to the Soviet people for the first time in many years. Despite the curious and disturbing incident of the arbitrary arrest of Professor Barghoorn, travel and inquiry inside the Soviet Union is freer now than 10 years ago. Soviet citizens are being increasingly permitted to travel outside the country. Western books and newspapers and periodicals are increasingly being permitted to circulate—in however restricted a fashion.

Internally, change is in the air. The Communists have failed to make their bloc a maximum security prison. Fresh winds are blowing through the iron bars. Orthodoxy is being challenged; dogmas questioned.

How far it will lead no one knows. But we do know these facts:

The secret police are less omnipresent. An intellectual ferment is beginning.

Communist society is changing. Communist theory has been in a head-on collision with 20th century fact—the breakdown of Soviet agriculture, the restiveness of intel-

lectuals, the rising demands of consumers, the emergence of a post revolution managerial elite.

We need to keep in closest touch with all elements of Soviet society.

I have strongly supported the cultural exchange program. I have gone behind the Iron Curtain three times in the past several years, and I have done my best to communicate and to learn—from the Kremlin down to the peasant in the field.

I have watched the fast-growing trade developing between our friends and allies in Western Europe and the Communist bloc—a trade that amounts in exports alone to several billions of dollars annually. So long as such trade is not in strategic materials, I believe that there have been important dividends to the West—beyond the currency earned. For with trade comes contact and communication. If you are to buy and sell, you have to talk to each other.

We need many more projects of peace in which East and West can work together and can ease tension and suspicion.

"Work therapy" will do the Soviet "patients" good.

They could use a "Halfway House" back to the world of reality, a way station between Joseph Stalin's despotic world of "1984" and, we hope, a better, freer life in the years to come.

No one ever cured a suspicious and withdrawn patient by relegating him to an isolated cell.

And the sick attitude of the Soviet leadership that has "seen enemies on every hand," that has seen "persecutors and tormentors" everywhere has fed on itself. Its own propaganda has tended to convince the Soviet leadership.

But that blind, unthinking, dogmatic and emotional conviction that all the non-Communist world is in league to destroy them, and that the highest purpose of life is to conquer or destroy the non-Communist world, is clearly giving way to a new and vitally important attitude. Today the old communism and the new are locked in a struggle. There are still those in the Communist world who continue to be imprisoned by their own hatreds and frustrations. We call them Stalinists, or, more often, Peiping-line Communists. They decry the theory of "coexistence." They call for war to the death, and if such a war should destroy much of their own civilization, so be it. This is a madness. It is a sickness.

What we can hope for is that saner voices will prevail within the Communist world. If there may not be friendship in the coming decades, at least there may yet be a rational leadership in the Soviet Union which can agree with us on common undertakings of mutual benefit.

Such mutual efforts can include:

The scientific conquest of cancer and heart disease, as well as teamwork in basic research.

Joint weather research, looking to the day when weather can be controlled for mankind's service.

Common programs for improved international communication, as through television. Expanded cultural exchange.

Such a development of common work and common purposes, such an increase in communication between rational men and women inside and outside the Communist world, offers, it seems to me, the only ultimate way out of the time of nuclear terror.

For it is in men's minds that wars are born, that sound or fatal decisions are made.

There are decisions that must meanwhile be made, actions that must be undertaken in our own society to build a still finer America.

We ought to consider that society for a moment—that imperfect, and for many millions of our people, frustrating and soul-

searing society of poverty, deprivation, discrimination and humiliation.

Psychiatry tells us: Give a child or a man or a woman room—room to grow, to develop, to fulfill himself.

We are not giving the tenth of America represented by our Negro citizens the "room" to make their fullest contributions to our democracy.

We cannot expect almost 20 million Americans to be contented with living for the most part in the filth of slums, or with being denied the jobs their brains and skills qualify them for, denied the respect and equal treatment they deserve from their fellow citizens.

There are no easy solutions to this foremost of America dilemmas. But there is a constructive work which must be done on every front to make the U.S. Constitution and the American dream a living reality for the Negro. This will demand tremendous effort, understanding and self-restraint on the part of both Negroes and whites, and patient perseverance.

There are other Americans, whose lot is not so desperate as that of our Negro citizens, but which is sufficiently frustrating and deadening. I am thinking of our 50 million over-65 Americans—too many of them condemned to a life of poverty, boredom and stagnation. Some societies make the later years the golden years of respect, of close family affection, of usefulness. Regrettably, we seem to have fallen into a pattern of indifference to our elderly that results for very many of them in loneliness and despair. It is no mere coincidence that the ranks of the extreme right are swelled from this age group, whose experiences have tended to make them bitter, and cynical and who want to strike out in their frustration and anguish.

There are the swelling ranks of the unemployed—displaced by automation, left high and dry in the mining and timber areas of our Nation by radical changes in industry planning—men and women who want to work, to hold up their heads, to pay their way—but who are abandoned by society to the dole, to the welfare rolls, to private charity. What does this treatment do to proud people—who have never asked for more than the chance to work at a decent wage?

What does it do to a good farmer who finds because he and his fellow farmers are efficient that he has overproduced himself right out of a decent living? There is despair and heartbreak through the hills and across the plains of America, as farmer after farmer grows old and sees his sons and daughters leave the life of rural America for an uncertain and too often unprepared life in the city. We are permitting vast and heedless economic forces to transform the vital living patterns of whole classes of Americans without taking steps to make change something more than a painful and cruel uprooting of families.

Meanwhile, in our cities, we introduce more efficient machines into our factories without considering what will happen to the factory producers thus displaced—especially those over 40.

We tear down slums for urban renewal without helping to renew the lives of the lower income groups who occupy some of the new buildings or who are displaced to still more crowded areas.

And what of the women of America—still discriminated against in job opportunities, tens of millions of them discouraged and effectively barred from the benefits of higher education and the opportunity for personal fulfillment once their families have grown up?

The boredom, frustration, and purposelessness of so many groups of Americans is dramatically illustrated by the facts of tranquilizer consumption—an estimated 3½ million people taking tranquilizers daily—by the illegal traffic in amphetamine and barbitu-

rate pills that amounts to 5 billion pills each year.

Too many of the youth of our country—far too many—are rootless and unchallenged, cynical and bored. Too often they are unemployed, too often they are trapped into premature sexual experimentation and ugly forced marriages or humiliating motherhood out of wedlock.

Is our society so barren of ideas that we cannot come up with the excitement of purposeful work, of useful, challenging employment?

We could put young men to work to improve the badly neglected outdoor recreational areas of our Nation, in a Youth Conservation Corps.

We could put our young men and women—and our older citizens, as well—to work in a domestic Peace Corps to attack the terrible social and economic problems of our slum areas. The Overseas Peace Corps, now in its third year, has demonstrated that there is an underlying hunger for service in our people, a yearning to do something of significance and honor, to create something, to bring relief from hunger, ignorance, and oppression.

I deeply believe that William James was right when he called for a "moral equivalent of war"—for the development of programs of national policy which could strike fire in the hearts of young Americans, which could call forth the same noble outpouring of generous giving of themselves that patriotism has brought forth in time of war.

Mental health, as you know, is not a negative concept. It is not simply the absence of mental illness, but the achievement of a positive, constructive attitude toward life.

Surely; the good life in the United States does not have to be confined to consumption—to possessing, to watching, to being a bystander of a world passing by.

There is no easy, instant answer to the good life or to peace or to any other great goal.

The real answer comes much harder. It requires plans—investment—hard work to build the America to which our people are entitled.

Science has learned that not just the young must grow, but people of all ages—if their lives are to be full and productive.

If this Nation is to grow at the rate it should, we must continue to be a bold, "can do, will do" people. We must not allow old, tired voices which say "mustn't do"—"can't do"—to restrain our rate of achievement.

We must, in Emerson's words, proceed to "put our creed into our deed."

Our creed is health—not as an end in itself, but as the means for building a better life for ourselves, and for all mankind.

Let us write this creed proudly into the events of today's and tomorrow's world.

#### THE CHARACTER AND ABILITIES OF PRESIDENT LYNDON B. JOHNSON

Mr. CANNON. Mr. President, a great deal of comment and concern for the future of this Nation has begun both in this country and abroad over the direction that America will now take in the wake of the incredible tragedy that occurred last Friday.

I wish to address my statement today to comments that have been expressed over whether President Lyndon B. Johnson can truly lead this Nation.

I have not a single doubt in my mind about the ability of President Johnson to perform inspirationally in every respect. I have been privileged to know him since 1956 and have had a very close working relationship with him in my official duties and as a friend.

These past associations give me insight into his character and abilities and an understanding of his principles. He is widely known in Nevada, where the citizens of my State have had occasions through his frequent trips to Nevada to know him well.

Based on this intimate prior knowledge of his abilities, I am convinced that he fits the historic mold of the great leaders of our history who have come forth in times of extreme crisis to lead America.

I do not believe there is a single man in this Nation more qualified by experience, temperament, patriotism, and training to lead this Nation.

Lyndon B. Johnson has a compassion and understanding for the average citizen which few men can claim. In the next few days, weeks, and months I believe that these qualities which he possesses in great abundance will be made evident to all of the citizens of this Nation and to freemen around the world.

As for ourselves, as Americans, we can give him no less than our total support and confidence, as well as our good wishes and prayers.

#### TRIBUTE TO THE RICHMAN BROS.

Mr. LAUSCHE. Mr. President, in Cleveland, Ohio, in the neighborhood where I was born and reared, for many years there has been a clothing factory operated by the Richman Bros. Its workers consist of many persons with ancestral backgrounds of the United States and of foreign nations—especially of the captive and satellite countries. The relationship between employers and the workers has been of a most friendly character. Their joint purpose has been to promote the welfare and success both of the enterprise and the men and women working in it.

On Thanksgiving Day, officials of the company and the workers, numbering about a thousand, will meet to rejoice and express gratitude for the bounties which this country has provided for them. In their meditation they will undoubtedly ponder about what they have and do not have.

Traditionally, Thanksgiving is the time of year when we reflect upon the many things we have for which we give thanks. What about the things we do not have?

For example, our country does not have: An ugly brick wall separating friends and loved ones; a government which forces its people to support a single political party; large numbers of people who are undernourished or uneducated; newspapers which print only what a dictator decides is right for the people to read; an economic system which strictly controls what a person can earn on his job.

We owe the absence of these things to the dedication of the people who founded our Government and their common belief in a way of life which cannot and will not tolerate such things.

For the many things we have in this great Nation as well as these things we do not have, we should be equally thankful.

#### WHO WAS TO BLAME?

Mr. MORTON. Mr. President, something desperately needs to be said in defense of America at this terrible time when a sense of sorrow too often becomes a sense of guilt.

It was not a flaw in the American system or the American character that struck down John Kennedy. It was not the sin of a city or of its citizens. It was not a tragedy that struck from some dark stain of violence on the American system or in the American soul. And we do not serve the best interests of our Nation, of truth, or of the memory of a murdered President by letting wrongly placed recriminations overcome the good sense of this great Nation and its people.

John Kennedy was struck down by a man whose mind had been warped by an alien violence, not by a native condition. Dallas, in good heart and a deeply troubled conscience, of course regrets that it had been recently the scene of a thoroughly reprehensible reproach to another political leader. But that was bad manners. It was not of the same order, by any stretch of even a troubled imagination, as the violent felony that one who was only an occasional resident of that city and a stranger to the American heritage committed last week.

America's greatness is what we are seeing now, as an entire Nation mourns its last President, rallies behind its new President and gets on with the business of freedom and freedom's cause. Let us mourn the terrible event but let us not mourn for the American soul—for that soul is stout and lighted by truth and faith. Let the blame be on him who actually committed the crime. America must believe in itself now and behave as though it does. What happened was not America's fault. Only the sober realization of that can make our mourning meaningful and not torture it with a guilt that is undeserved and unworthy of the cause in which our Presidents live and for which sometimes they tragically die.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MORTON. I am happy to yield.

Mr. GORE. I congratulate the Senator upon his statement. I have heard many commentators and read statements to the effect that we are all guilty, that we are all to be blamed for this horrible crime.

I accept no blame for what this demented man did. I feel no sense of personal guilt. He is the one who had become a fanatic. Why should all America be blamed for the actions of one fanatic?

I reject the mass guilt which so many are trying to attribute to the entire country. Who attributed the attempt to assassinate President Truman by the Puerto Ricans to collective guilt? True, our society has many problems and imperfections, much stress and distress, hate, fear, and disappointment; but it is an injustice to our millions of people of good will, even the teeming thousands of hospitable, cheering people in Dallas, to charge them with murderous guilt. I reject it for myself and for my people.

This was an act of a madman. Again, I congratulate the Senator.

Mr. MORTON. I thank the Senator.

Mr. MUNDT. I join in those congratulations.

#### SENATOR CLARK'S TRIBUTE TO PRESIDENT KENNEDY

Mr. CHURCH. Mr. President, the senior Senator from Pennsylvania paid a fine and fitting tribute to our late President at a memorial service held, last Sunday, at Independence Hall in Philadelphia. He expressed the mission President Kennedy held closest to his heart, which is the great unfinished business of the Nation.

I ask unanimous consent that the text of Senator CLARK's remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

JOHN FITZGERALD KENNEDY—1917-1963

The world has suddenly lost America's leader.

A man of youth, vitality, and strength. A man of a happy mixture of idealism and practicality, of charm, of wit, of intelligence.

A friendly man committed to the causes of peace, of freedom, of equal opportunity for all.

In his inaugural address nearly 3 years ago, he said: "Let the word go forth from this time and place, to friend and foe alike, that the torch has been passed to a new generation of Americans—born in this century, tempered by war, disciplined by a hard and bitter peace, proud of our ancient heritage—and unwilling to witness or permit the slow undoing of those human rights to which this Nation has always been committed, and to which we are committed today at home and around the world."

No madman's bullet can be permitted to stop this memorable march of America as a part of the human race toward peace and freedom, compassion and justice under law.

The brotherhood of man and the fatherhood of God call upon us to reach out loving hands across barriers of race, religion, color, bigotry and belligerence to all who feel as he did.

Let us keep our hands outstretched.

#### NEED FOR CRIMINAL STATUTES TO MAKE CERTAIN OUTRAGEOUS ACTS FEDERAL CRIMES

Mr. PELL. Mr. President, the tragic loss sustained by his family and friends, the Nation and world, in the death of President John Fitzgerald Kennedy makes it imperative that our criminal statutes be amended to make such outrageous acts a Federal crime. A pointed editorial to that effect appeared this morning in the Washington Post and I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 26, 1963]

#### MAKE IT A FEDERAL CRIME

Certainly the law should be amended to make the assassination of the President a Federal crime. It is ironic indeed that the criminal who murdered President Kennedy

violated only the law of Texas. Actually his foul deed was a crime against the Nation—one of the most serious crimes against the Nation in this century.

As the law now stands, severe penalties are prescribed for felons who murder or attack Federal judges, U.S. attorneys, FBI agents, postal inspectors, Secret Service officers, customs agents and various employees of the Departments of the Interior and Agriculture. But this law for the protection of officers and employees of the United States does not, strangely enough, cover the President or members of his Cabinet.

Presumably the need for Federal law in this field has not previously been emphasized. When Lincoln was assassinated, the country was still under martial law. The assassin of President Garfield was prosecuted in the District of Columbia and the assassin of President McKinley in New York. There is a strong presumption that Texas would have convicted Lee Harvey Oswald of the slaying of President Kennedy if Oswald himself had not been killed as he was being transferred to the county jail. But the serious bungling of this vital case by the Dallas police constitutes a strong argument for the direction of such delicate operations by the FBI from the very beginning.

The events in Dallas have shown all too clearly that Federal officials should have been in charge of the police work from the beginning. High crimes against the Nation cannot be safely left to investigation and prosecution by local officials of the community in which such crimes happen to take place. As soon as Congress resumes its operations, Representative RICHARD S. SCHWEIKER, of Pennsylvania, will introduce a bill to extend the protection of section 1114, United States Code, to the President and Vice President. We hope that it will be given prompt attention by the Judiciary Committees and that they will also include within the terms of the bill other officials in the line of succession to the President. Perhaps agency heads, their deputies and Members of Congress should also be included.

Mr. PELL. Mr. President, I understand that such legislation is presently being prepared for introduction in both Houses, and I can only urge my colleagues to act with dispatch so that laws designed to protect all the officers and employees of the United States are available for effective use by all our Federal as well as State law enforcement agencies.

#### SPECIAL STUDY OF SECURITIES MARKETS

Mr. WILLIAMS of New Jersey. Mr. President, in recent weeks statements have been made about the special study of the securities markets conducted by a special staff at the Securities and Exchange Commission as the result of legislation which was initiated by the House Committee on Interstate and Foreign Commerce.

One outgrowth of the special study was S. 1642, the SEC's proposals for modifications of the securities laws. This bill would regulate more closely the entry of persons into the securities business and would call for greater disclosure to the public and stockholders by the major companies in the over-the-counter market.

It is interesting that on November 12 Mr. Richard H. Paul, formerly chief counsel of the special study, made a

speech to the Federation of Women Shareholders in American Business, Inc., and on the following day Mr. Milton H. Cohen, formerly director of the special study, made a speech before the annual meeting of the bankers and brokers division of the American Jewish Committee.

I believe that it would be of great public interest to make these two statements available to the public generally. I ask unanimous consent that they may be printed in the RECORD at this point.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

#### THE SPECIAL STUDY OF SECURITIES MARKETS—ITS RESULTS AND PROSPECTS

(Address Before Federation of Women Shareholders in American Business, Inc., November 12, 1963, by Richard H. Paul, Paul, Weiss, Rifkind, Wharton & Garrison, Formerly Chief Counsel, Special Study of Securities Markets, Securities and Exchange Commission)

I am particularly pleased to have an opportunity to address this group today. For some 19 months, ending last August, I acted as chief counsel to the Securities and Exchange Commission's Special Study of the Securities Markets. Our group was charged by the U.S. Congress with making a special study and investigation of the operations of the stock markets—both the stock exchanges and the over-the-counter markets—and the manner in which they are regulated. The purpose of our study was to determine how adequate—or how inadequate—are the existing laws and regulations “for the protection of investors.” The keynote of our whole study, therefore, was the protection of investors. I might add that whenever the study considered whether something was good or bad for investors, our touchstone was the investor like yourselves—not the Wall Street “pro”, but the public investor, so often a woman, with savings or an inheritance to invest and with little or no experience in the intricacies and complexities of Wall Street. I am happy, therefore, to be able to talk briefly to a group of people whose interests we were charged with protecting. I would like to tell you a little about what our study found, what we recommend as additional protections for investors, and what my crystal ball tells me are the prospects for our recommendations being carried out.

But first, at the risk of boring some of you with a repetition of what you may already know, I think I should very briefly outline for you the ways in which the securities markets are—and are not—regulated by the Federal Government. Only if you understand the structure of regulation in the stock markets can you, as investors, understand where to look for your protection, and the extent of protection you can expect.

All of you I am sure have heard of the Securities and Exchange Commission, the Federal policeman of the securities markets. The Commission, of which the special study was a part, is a bipartisan independent administrative body established by Congress to oversee the enforcement of the Federal securities laws. The Commission has many important functions to perform, but so far as you members of the investing public are concerned, its principal duties are two. First, it is charged with the detection and elimination of fraudulent transactions and manipulations, and with excluding from the securities business persons who are known to have violated the securities laws. Second, it is obliged to make sure that as to some securities, the company issuing them makes

adequate public disclosure of all material information which relates to them.

It is with respect to this second function that many public investors become confused, and I will digress for a moment to comment on it. It is important to remember that the Securities and Exchange Commission does not pass on the merits of any stock or company. It does not say: “This stock represents a good investment” or “This is a sound company.” It simply requires that companies disclose all the relevant facts, good and bad, and leaves it to the investor to make up his or her own mind—on the basis of the facts disclosed, or ignoring them if he or she chooses.

To return to the structure of regulation of the securities markets, you should all be aware that the duty of protection of investors does not fall on the shoulders of the Securities and Exchange Commission alone. The administration of the Federal securities laws depends in large measure upon the principle known as self-regulation. This is perhaps a fancy term for a fairly simple concept. Neither the Government, the securities industry, nor the investing public can afford the burden of a policeman on every corner. To help the Federal Government enforce its laws and regulations and to help the industry itself raise its own standards of ethics and performance, the Commission looks to certain organizations composed of members of the industry itself. Principally these organizations consist of the various stock exchanges, of which the New York Stock Exchange is the most prominent, and the National Association of Securities Dealers, Inc., commonly referred to as the NASD—an organization of which almost all securities dealers and brokers are members, and about which the investing public, in my opinion, knows far too little.

I think it is important that you as investors know that the exchanges and the NASD are charged by law with your protection, too. The NASD, for example, is required by the Federal Securities laws to have rules “designed to prevent fraudulent and manipulative acts and practices . . . and in general to protect investors and the public interest,” as well as rules providing for disciplining those members. One of the most important rules of the NASD from the point of view of investors is its so-called suitability rule, which provides in effect, that every security salesman employed by a member, when he recommends a security to a customer, must have reasonable grounds for believing that the recommendation is suitable for such customer on the basis of the facts, if any, disclosed by the customer as to his other security holdings and as to his financial situation and needs. This rule on suitability, I should quickly make clear, is in no sense a guarantee against losses. It is intended, however, to avoid recommendations of speculative penny mining stocks to elderly widows who depend on their dividend income, or to eliminate the practice known as churning, where salesmen recommend heavy trading simply to build up commissions for themselves. The NASD also has rules governing the persons who may be employed by its members as salesmen—or registered representatives, as they prefer to be known—which are intended to exclude from the business the most undesirable and disreputable characters.

All registered stock exchanges, such as the New York Stock Exchange, are similarly required by Federal law to have rules providing for the expulsion, suspension, or disciplining of a member for conduct or proceeding inconsistent with just and equitable principles of trade. The NYSE similarly has a rule called know your customer rule which apparently will be interpreted to impose an obligation on its members to prevent their

salesmen from recommending unsuitable securities to their customers. The exchange also has rules governing the qualifications of its members, their partners, and their employees.

Although the NASD and the exchanges are thus also charged with the protection of investors, you should also be aware that it is not the function of these bodies to assist investors in recovering losses incurred in the stock markets. A complaint to the exchange or the NASD of a violation of one of their rules which, upon investigation, they find to be justified, will lead to punishment of the member firms, but such punishment is usually cold comfort to the investor who has already been injured. For such recovery, the injured investor must still look to his remedies at civil law, which are beyond the scope of my discussion here today.

There, in the briefest compass, is the structure of Federal securities regulation as it exists in this country today. The Special Study of Securities Markets, of which I was chief counsel, spent nearly 2 years and almost \$1 million of the taxpayers' money in a close scrutiny of this structure in operation, to determine its adequacy for the protection of investors. You are, then, entitled to ask, What did we find? How is it working?

I am proud of our study, and believe that we found out a great deal. I may perhaps be forgiven for quoting an enthusiastic review of the report which appeared in the *London Economist* on August 17. "Designations such as 'exhaustive investigation' and 'landmark study' so often used—and so often without real basis—are justified this time," said the *Economist*.

It will give you some idea of the scope of our study when I tell you that our report which the Commission transmitted to Congress comprised 13 separate chapters running to approximately 5,400 typewritten pages and weighing about 30 pounds. As now printed by the Government Printing Office, it runs into four separate volumes totaling just under 3,000 pages. Each chapter or section is followed by a summary, much of which I might note was printed in the *New York Times*, and each summary is followed by the study's own separately stated and numbered conclusions and recommendations. There are 174 separately numbered paragraphs of conclusions and recommendations. Some of these urge changes in the Federal securities laws which can be enacted only by the Congress. Some recommend changes in the rules of the Commission, of the exchanges, or of the NASD, which can be effected without legislation. Some are little more than exhortations to piety on the part of the industry.

Having given you a suggestion of the range and scope of the special study's report, I am sure that you will appreciate the difficulty I would have in capsulizing its entire contents. I can, however, point to some of our findings which I think are important to you as investors.

In the first place, I would like to enter my personal demurrer to the statement in Chairman Cary's transmittal letter to Congress in which he said the report was not "a picture of pervasive fraudulent activity," and to note again the comment of the *London Economist* to the effect that the characterization was "more politic than accurate." One may quibble, perhaps, over the meaning of the words "pervasive" and "fraudulent," but one cannot blink the fact that with a relatively modest staff and appropriation the study turned up instance after instance of highly questionable conduct in the securities markets, carried on not alone by the marginal element of boilerroom operators and the like, but within branch offices of our largest, most respected and most influential securities firms. I might give just one "for instance." In a disastrously effective selling effort involving shares of what can

most charitably be described as a highly speculative company in a brief period early in 1961, some 80 different retail brokerage firms sold 600,000 shares of the stock to more than 2,000 public investors, many of whom suffered substantial losses. Among the brokerage firms involved were more than 10 New York Stock Exchange member firms who would be numbered among the blue chip firms of the exchange.

In my view the Commission's transmittal letter was largely responsible for the frequent description of our report as "mild"—a characterization which I think unfortunate not only because I regard it as unfair to the report but also because I feel it will have an unwarranted and adverse effect on the prospects that the study's recommendations will be carried out. I will return to this subject later. In passing I should note that I am not criticizing the press in this respect. For reasons beyond its control it was given almost no advance opportunity to digest the massive documents on which it was called upon to report. Under the circumstances, I think it did an extraordinary job.

Our report, while concluding that the basic design of the securities laws enacted a generation ago had stood the test of time, focused on a number of matters which should be of grave concern to the investing public. Let me describe some of them to you.

In recent years there have been attracted to the securities industry large numbers of new investors and large numbers of new brokerage firms and securities salesmen. The ranks of the former include the naive, the unsophisticated, and those with slender resources. The ranks of the latter include many who are inept, ignorant or rapacious. To protect investors, the present regulations governing the qualifications of those in the industry are inadequate. Too many boiler-room salesmen still drift from shop to shop, too many untrained people pose to the public as professionals, too many inexperienced people hold positions of responsibility and give investment advice. In detailed recommendations the study suggested methods for raising the standards of entry into the business—standards of competence, character and financial capacity and responsibility.

The predominant concern of the securities industry is, of course, the sale of securities, and the selling practices of the industry were a matter of major concern to the special study. As the report notes, some segments of the industry appear to be promoting high standards of selling, while others seem only to be earnestly promoting sales. Illustrative of the problem is the manner in which the words profession and professionalism are frequently associated with the securities industry. The words have many meanings and many uses. They may be a stimulus to the development of high ethical standards or more often a mere tool of merchandising. It was not necessary, however, precisely to define or measure professionalism in the securities industry in order to conclude that an image of professionalism has been actively promoted which, as to much of the industry, is not warranted.

This is perhaps the most important message I can bring to you as investors today. Remember, when you are dealing with the brokerage community you are dealing with salesmen. There is nothing in the world wrong with salesmen as such, and there are very good salesmen as well as very bad salesmen, but their business is selling. It is very important to realize that they are universally compensated on a commission basis. They are not dispassionate professional investment counselors, though sometimes they assume the pose. I would be doing you a vast disservice if I permitted you to believe that professionalism exists in the securities business today.

The special study made a number of specific recommendations to raise standards in the area of selling practices, but your best protection against overenthusiastic salesmanship is your own alertness.

Another problem which concerned the special study was the torrent of printed material which pours out upon the public under the guise of investment advice. It is important for you to bear in mind that printed investment advisory material is circulated by the brokerage community as a selling tool, and that while some of it is the product of diligent and responsible research, much of it is not. The report concluded that the irresponsible dissemination of printed investment advice has resulted in injury to investors and to the investment community itself. It recommended that reckless dissemination of written investment advice be expressly prohibited by statute and be made subject to civil liability.

The problem of unreliable investment advice is compounded by a flaw in the existing statutory structure of disclosure requirements. You should be aware that these requirements do not apply equally to all publicly traded securities. Once the original distribution of new issues has taken place, the safeguards which apply to securities traded on stock exchanges do not generally apply to securities traded over the counter. Companies traded on exchanges—known as listed stocks—must make regular reports to the Commission and their shareholders of all significant financial information, and are subject to controls over the manner in which they solicit proxies and over the trading in their shares by insiders. Few companies traded over the counter, however, are subject to the financial reporting requirement, and none are subject to proxy regulation or the insider trading rules. The information which stockholders of almost all of these companies receive is at best inadequate.

From a survey conducted by the special study of a large number of companies whose shares are actively traded over the counter, it appeared that more than 25 percent gave no financial information at all to their shareholders. For those who did communicate with their shareholders, most of the communications were seriously defective. For example, in nearly three-quarters of the cases where stockholders were asked for proxies to elect directors, they were not even given the names of those persons they were being asked to vote for. The special study recommended legislation which would extend the reporting, proxy, and insider trading rules to over-the-counter companies.

I shall not burden you with discussion of more of our 174 conclusions and recommendations. I would like to end, however, with a short forecast of my personal views of what the impact of the study has been and will be.

In the first place, it is gratifying to me, as the study's former chief counsel, to see the influence that our report is having—and that the study has had—on the industry's own practices. Just in the last few weeks, for example, the New York Stock Exchange has taken several steps which directly reflect recommendations of our report. On September 25, the New York Times announced that the exchange had adopted stiffer new rules governing its member brokerage firms' market letters, sales literature, and research reports. Shortly thereafter it appointed three consulting firms to study phases of its business that had been discussed in our report, including the odd-lot differential charge, where at our urging the exchange apparently for the first time recognizes its regulatory obligation. And about 2 weeks ago it announced new requirements for branch managers of its member firms. Many brokerage firms themselves, I am aware, have made changes in their practices following the recommendations of the report.

Many of our recommendations, as I have suggested, can be accomplished by the Commission under its present rulemaking powers. Here again it is gratifying to report that the Commission appears to be moving ahead to accomplish a number of our recommended changes. A recent example appeared in the New York Times of October 4, which reported a realignment of jobs and personnel in order to provide a closer watch on the securities markets—another outgrowth of the special study. But here I would like to sound a note of caution. In connection with the special study, the Commission has evidenced a considerable tendency to rush to groups of industry leaders for consultation.

Certainly the Commission should not act in ignorance of the views and problems of the industry, and cooperative endeavor is essential to self regulation and a commendable thing. However, the Commission is no more immune than any other administrative agency to the danger of becoming a captive of the industry which it is charged with regulating. I think the Commission must be continuously vigilant to avoid the danger that cooperation can become appeasement. The proof of the pudding will be in the regulations which it will adopt, but which have yet to appear.

The biggest question mark about the impact of the study may be the Congress. You may be aware that the Commission, at the end of last April, after consultation with industry leaders, proposed to the Congress a bill which reflected several of the most significant recommendations contained in that portion of our report which appeared on April 3, although, to my regret, it omitted some of our recommended legislative changes concerning investment advice and public relations activities. After hearings before the Senate Committee on Banking and Currency, which developed no significant controversy, the bill was approved by the Senate. It went to the House in July.

The House has now scheduled hearings on the bill, but its very delay in scheduling such hearings gives me cause for concern. It may be that the House feels that the bill lacks sufficient political sex appeal to warrant its attention. Whatever the cause, it seems to me that there is a good deal of indifference to the fate of a bill which I, at least, regard as urgently needed. Perhaps only if organizations such as yours and individuals such as yourselves can manage to communicate some of this sense of urgency to the Congress can we hope that it will overcome its inertia and act on this important piece of legislation for the protection of investors.

REMARKS OF MILTON H. COHEN AT THE ANNUAL MEETING OF THE AMERICAN JEWISH COMMITTEE, BANKERS AND BROKERS DIVISION, NOVEMBER 13, 1963

A couple of weeks ago when I began to give some thought to what I might say to you today there was an unprecedented October heat wave in Chicago, which the golfers welcomed but some other people found unseasonably uncomfortable. My wife was in the latter group and I suggested she could take comfort in the thought that when I paid my first visit to Wall Street my reception would probably be chilly enough to temper the climate even as far away as Chicago.

Actually, you were most gracious in inviting me and have been most gracious in receiving me today. Perhaps we are not as far apart as I jokingly indicated to my wife. On at least one subject I know that is true. I have been a member of AJC for some years, perhaps not as active a member as I might have been but a very enthusiastic one about the purposes and attainments of AJC. Whether or not each of you sees eye to eye with me on each of the recommendations of the special study of securities markets, I am sure that we are unanimous today in seeing

the urgency of moving ahead in the area of human relations. Even if any of you might be instinctively inclined to take an opposite stand from me on whatever I might say today about the securities markets, please do not let that apply when I say—let us all support the AJC campaign to the best of our ability.

Then again, when I survey the entire territory covered in the report of the special study, it seems to me that we cannot be so very far apart in most of that area either, even if our paths diverge at some points. Today I would like to catalog some of the areas where I believe there is essential agreement and then comment a little on the status and outlook of the entire set of recommendations.

At the outset I should remind you that what I say today does not purport to express the views of the Securities and Exchange Commission or its staff. Even when I was director of the special study I did not necessarily speak for the Commission itself. Today I speak merely as the ex-director—as a private citizen who happens to be the individual primarily responsible for the special study and its report. I do not even have beside me any longer the fine group of lieutenants who participated with me in shaping the report, so that I am strictly on my own in these remarks.

As another preliminary, I am pleased to tell you that a summary volume of the entire report was published last week. As you may know, the original typewritten version of the whole report has been available for some time in printed form—a total of 2,994 printed pages in 4 volumes. Part 5, just released, is a 211-page book containing the letters of transmittal and the texts of all summaries, conclusions, and recommendations exactly as they appear in the full report. This book is available at the Government Printing Office at 55 cents. Even if some of you manage to resist the temptation to read the full 2,994 pages, I hope you will get a copy of the summary volume, part 5 of the House Document 95. I express this hope even though, alas, I get no royalties.

In cataloging our areas of agreement, let me remind you, first of all, of some positions we did not take on certain points of crucial importance well within the scope of the study. Perhaps the prime example is on the question of industry self-regulation, which might be considered the central theme of the entire study as authorized by Congress. In some respects we were quite critical of self-regulatory performance, but we certainly did not conclude—as it was expected or feared in various quarters that we might—that the essential reliance on self-regulation should be abandoned or severely curtailed. We said just the opposite, that self-regulation has essentially proved itself in action and should not be abandoned or curtailed but strengthened. We said this as a matter of theory and policy in our chapter XII, and we said it over and over again in our specific recommendations on substantive matters discussed in other chapters. Indeed we put so much emphasis on self-regulation that we have been expressly or inferentially criticized for expecting too much of self-regulation and thus giving it too large a role. I believe this is another way of raising the question of just what matters are in need of what degree of any regulation, which of course is a separate question. My point is that, given any defined area for regulation, our whole thrust has been in the direction of enlarging the authority and responsibility of self-regulatory bodies, not reducing them.

As a second example, I would cite the question of segregation of functions of broker and dealer. This concept—fetish to some and bogeyman to others—seems to hover over all general discussions of market mechanisms and thus was inherently an issue in a broad market study such as ours. The ques-

tion clearly called for a reexamination in the case of stock exchange specialists, since the elements and quantities involved in the combination of functions had changed markedly in the past quarter century, as was apparent not only statistically but also, for example, in the contrast between New York Stock Exchange President Whitney's 1933 definition of a specialist as "one who executes orders for other brokers, on the exchange in a particular stock," and President Funston's 1961 definition that "the essence of being a specialist is dealing for his own account." It was predicted in some quarters that our recommendations would include segregation of the functions, but we disappointed the prophets. Chapter VI of our report contains a detailed and, I believe, through examination of the basic combination of specialist functions, points to a number of specific ways in which the inherent conflicts may need to be tempered, but essentially and affirmatively upholds continuance of the combined functions.

The question of segregation of functions is not, of course, confined to specialists. Combinations of functions are characteristic of the securities business—not just in the primary sense of broker and dealer functions, but also frequently including the functions of underwriter, wholesaler, retailer, investment counselor, custodian, financial consultant, corporate director, and other capacities—and the special study has recognized, as many people connected with the securities business have also recognized, that problems of one kind or another may arise when some of these functions are combined. We have discussed some of the problems, have made some recommendations about them, and have suggested that further attention be given them by the self-regulatory agencies and the Commission. We have not, any more than the industry itself, seized upon the notion of segregation as a simple, pat answer for all such questions.

I will mention just one more instance where the absence of a potential recommendation amounts to essential agreement between us. We looked at the question of customers' free credit balances, where periodically the possibility of complete segregation of customers' funds from firm capital has been advanced. We rejected this notion as being unnecessary and unwarranted in light of experience. Again, while avoiding drastic change, we have given our conception of needed specific improvements and safeguards.

I hope you do not find irony—certainly I intend no irony—in my suggestion that there are large and important areas of basic agreement where we have rejected drastic, sweeping solutions in favor of limited, specific measures. What this signifies, I believe, is that we at least are all in the same ballpark, all talking the same language. In broad terms the special study has concluded, not that any of the basic market or regulatory institutions should be drastically reconstituted, but that improvements should be sought where inadequacies or weaknesses or abuses have appeared. I cannot imagine that any of you would disagree with these broad propositions, even though there be considerable difference of opinion as to what constitutes a weakness or abuse and what should be done about it, or in other words, as to some of our specific conclusions and affirmative recommendations.

But even here, in relation to the specific conclusions and recommendations of our report, I know that there are also very important areas of agreement. Two obvious and extremely important examples relate to qualifications to enter the securities business, as discussed in our chapter II, and obligations of issuers of securities traded in over-the-counter markets, as discussed in our chapter IX. In these instances, as you know, the essential accord in our thinking has been

reflected in what amounted to joint Commission-industry drafting and sponsoring of legislation that has already passed the Senate and is pending in the House. There are some significant differences in detail between our recommendations and the terms of the pending bill, and no doubt there is room for specific disagreement on the part of individuals as to specific provisions of the pending bill. But as to the two essential themes—the need to limit entry into the securities business to those showing reasonable qualification in terms of knowledge, integrity and capital commitment, and the importance of equalizing investor protections for listed and actively traded unlisted securities in terms of corporate reporting, proxy solicitation, and insider trading requirements—there has been a most impressive display of Government-industry cooperation in meeting worthy objectives with which both sides are in full accord.

Another example of basic accord on affirmative recommendations of the report appears in the recent action of the New York Stock Exchange in revising and strengthening its rules and standards for member firms' communications with the public. Without going into details here, it is apparent that the stock exchange has taken an important step in industry self-regulation along lines that follow recommendations of our report.

When we go on to other positive recommendations of the report—there are in all some 170 numbered black-letter recommendations in the 13 chapters of the report—I realize that there may be more and louder voices of dissent on some specific points. I know of no recommendation we have made that is not likely to find many partisans within the securities business itself, but I also realize that quite a few of our recommendations are not likely to find unanimous accord and that some will meet considerable opposition. It could hardly be otherwise, since the total set of recommendations covers, as I well realize, many very difficult, very complex, and very sensitive issues.

Among the most sensitive, I suppose, are those that go beyond mere mechanisms of the markets and potentially affect income and expense of the securities business. Precisely here, in respect of these vital dollars-and-cents questions, some of you may think we have gone farthest astray. But I think there are some misconceptions as to just what we have said in the report, and before I go to the guillotine I would like to take a few minutes to clarify, in broad terms, what we have and have not said.

First, as to the odd-lot differential, which presumably affects fewest of you directly but which has received particularly prominent attention in the press: We have not said that the odd-lot differential ought to be reduced, and I personally would not venture an opinion as to whether it will prove to be too high or too low in light of all relevant considerations. What we have said is that it is an area that has been left almost entirely within the control of the two firms dominating the business, without significant regulatory attention on the part of either the Stock Exchange or the Commission. Our recommendations on the differential are all in the direction of assuring the kind and degree of regulatory attention that the situation demands but that has been lacking in the past.

Second, as to commission rates: Again, we very definitely have not expressed the conclusion that the level of commission rates is too high or too low; in fact, we have expressly disclaimed addressing ourselves to this question. What we have said, in essence, is that there are some vitally important questions of commission rate structure—not level, but structure—that do not seem to have been looked at in the past with a sufficiently broad perspective but that, in any event, call for thorough exami-

nation by the exchange community and the Commission in the context of today; and as to rate levels, that the Commission has not adequately equipped itself to exercise the regulatory role that the statutory provisions, especially in light of the Supreme Court's Silver decision, appear to require of it. Here, as in many other places, the special study does not purport to have produced specific or final answers—certainly not as to the appropriate level of rates, which is a far too complex question for us to have attempted to cover substantively. In this and other instances where we did not feel that we could provide full and specific answers, we have confined ourselves to analyzing the facts and issues involved, spelling out our conception of appropriate remedies as specifically as our data warranted, and suggesting methods or approaches by which more specific solutions should be sought.

Incidentally, our discussions of the odd-lot differential and commission rates are two of many places where the searchlight of the special study has been turned on the Commission itself. The congressional authorization did not expressly call for this; it directed the Commission to study and investigate the adequacy of the rules of the self-regulatory groups and did not on its face call into question the Commission's own performance. Nevertheless, it was recognized from the outset that the two are so intimately related it would be impossible to go deeply into the one while ignoring the other. This was one of several reasons why we concluded that the report's final conclusions and recommendations should be those of the special study, not of the Commission as such. It is hardly necessary to add that the Commission imposed no censorship on what we might say about its own performance; if anything, the Commission encouraged us not to point out shortcomings of others without pointing out its own, where we found them to exist. Particularly in chapter XII, which deals with the regulatory pattern as such, but also in the various substantive chapters, we have not hesitated to speak our minds about what the Commission has or has not done, even though we were not called upon to study its performance in the same sense that we were directed to study the self-regulatory agencies.

A third area where our recommendations may be thought to involve dollars and cents issues is that of pricing in the over-the-counter markets. Here again, although we have had much to say on the subject, we have expressly disclaimed finding that any particular level of markup or commission for any particular security or type of transaction is too high or too low. I believe I am fully cognizant of the complexity and subtlety of the economic and competitive factors involved, and I assure you that I am as much in favor of fair compensation for services and risks in the securities business as I would want you to be in favor of fair compensation in the practice of law, and that is saying a lot. What we have concluded in the report is not that any particular level of markups or commissions is right or wrong but that in some respects the standards of pricing need better articulation and that, in any event, there should be greater reliance on disclosures as distinguished from regulatory controls. Our recommendations on disclosures would require changes in certain present practices and mechanisms, including retail price quotations, and I realize that such changes are likely to be vigorously opposed by many people in the business, although I believe that many voices will be in basic accord. But in any event, I want to make clear that our recommendations in this area go essentially to appropriate disclosures about the prevailing market, not to the level of markups or commissions.

In some quarters, over-the-counter markets and securities have unfortunately been

regarded as second-class citizens, and to some extent the present regulatory pattern so treats them. Our report questions whether so sharp a dichotomy is any longer justifiable, if it ever was. As I need not tell this group, the term "over the counter" covers a lot of territory, and there is at least a significant part of that territory that is entitled to be treated as an important and vital segment of the total market pattern rather than as of an inferior breed. Thus, I think it is very regrettable that over-the-counter markets and securities seem to be considered entirely out of bounds by many foreign investors, and indeed many domestic investors, evidently because of a lack of familiarity or of confidence going to the whole over-the-counter category. In the interest of the national economy, the investing public, and the securities business itself, I think it is high time to confer first-class citizenship on at least the upper ranks—the more active segment—of the total over-the-counter category. The essential aim of some of our recommendations in chapters VIII and IX, including especially those in the direction of better disclosures about active over-the-counter securities and about the markets themselves, is exactly this. Some of you may disagree with our specific prescriptions, but I doubt that any of you would seriously quarrel with the aim.

I have been emphasizing today what I consider basic areas of agreement, and I believe they are many and they are important. At the same time, I have recognized that there are many areas where disagreement with our specific recommendations may well arise, or where our recommendations are merely in general terms, needing elaboration and specification by others. I naturally am very confident of the essential rightness of our recommendations, but I do not claim infallibility. What I do assert is that, at the very least we have called attention to a considerable number of existing or incipient problems that need attention, from a business point of view or a public point of view, if we wish to maintain the quality of our securities markets at the level that their importance demands. I say, in other words, that the special study has created a large agenda, for specific action in many instances and for further or continuing study in others, and that this is an agenda for you in the securities business and not just for the Commission or Congress.

I believe it will be of fundamental importance to you as well as the public just how this agenda will be faced by the securities business itself. I cannot ask you to agree with everything we have said but I do not think that you can ignore the questions we have raised. I think, in short, that the industry itself must participate actively and constructively in taking the steps that must be taken from this point on. Where we have made a specific recommendation with which you are basically in accord, I think it is up to you to cooperate in working out the practical details. Where you agree that a problem exists but disagree with our prescription for solving it, or where we have made only a broad suggestion as to the approach towards solving it, I think you have both the opportunity and the obligation to assist in finding the best solution. And even where you disagree that a particular problem exists or feel that any attempt at curing it may be worse than the disease, I think you now have the burden, as of course you have the privilege, to show wherein the special study is wrong.

Whatever else you may think of the special study and its report, I would hope you have no impression other than that we sought to make a serious and objective study and to avoid sensationalism or witch-hunting on the one hand or sweeping generalization on the other hand. Our aim was to recognize and uphold the institutions and practices that

have proved successful and beneficial and, where we found shortcomings, to suggest constructive remedies.

From the record to date there is every reason to believe that the industry's reactions to the report will be in similar vein. As an important example, I cite the New York Stock Exchange's announcement of the employment of several outside consultants and the appointment of five committees of members to consider various conclusions and recommendations of the report. There have also been some expressions of specific and sometimes sharp disagreements with our recommendations, and I assume there will be more of these, but there have been no hasty and heated responses and no sweeping condemnations. It would appear that the industry and its recognized institutions are addressing themselves seriously and constructively to the criticisms and suggestions that we—believe me, painstakingly, and I think constructively—have advanced, and this seems to me a strong augury that the end results of the special study will be constructive and beneficial for the American public and for the securities business itself.

#### JOINT MEETING OF THE TWO HOUSES OF CONGRESS ON NOVEMBER 27, AT 12:30 P.M.

Mr. MONRONEY. Mr. President, I ask that the Chair lay before the Senate a concurrent resolution received from the House of Representatives.

The PRESIDING OFFICER (Mr. BAYH in the chair) laid before the Senate the concurrent resolution—House Concurrent Resolution 238—which, by unanimous consent, was considered and agreed to, as follows:

*Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Wednesday, the 27th day of November, 1963, at 12:30 o'clock postmeridian, for the purpose of receiving such communications as the President of the United States shall be pleased to make to them.*

#### INTERNATIONAL AIR TRANSPORTATION RATES

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 449, S. 1540. To the best of my knowledge, there will be no further yea-and-nay votes tonight.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1540) to amend the Federal Aviation Act of 1958 to provide for the regulation of rates and practices of air carriers and foreign air carriers in foreign air transportation, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with an amendment in the nature of a substitute, to strike out all after the enacting clause and insert in lieu thereof the following:

That subsection (a) of section 404 of the Federal Aviation Act of 1958 (49 U.S.C. 1374 (a)) is amended by inserting "(1)" immedi-

ately after "(a)" and adding at the end thereof the following new paragraph:

"(2) It shall be the duty of every air carrier and foreign air carrier to establish, observe, and enforce just and reasonable individual and joint rates, fares, and charges, and just and reasonable classifications, rules, regulations, and practices relating to foreign air transportation; and, in case of such joint rates, fares, and charges, to establish just, reasonable, and equitable divisions thereof as between air carriers or foreign air carriers participating therein which shall not unduly prefer or prejudice any of such participating air carriers or foreign air carriers."

Sec. 2. Section 801 of the Federal Aviation Act of 1958 (49 U.S.C. 1461) is amended by inserting "(a)" immediately after "801" and by adding at the end thereof the following new subsection:

"(b) Any order of the Board pursuant to section 1002(f) requiring that an air carrier or foreign air carrier discontinue demanding, charging, collecting, or receiving a rate, fare, or charge for foreign air transportation, or enforcing any classification, rule, regulation, or practice affecting such rate, fare, or charge, and any action of the Board pursuant to section 1002(g) suspending the operation of a tariff filed with the Board by an air carrier or foreign air carrier stating a new individual or joint rate, fare, or charge for foreign air transportation, shall be reported to the President by the Board before publication: *Provided*, That any order of the Board directing an air carrier or foreign air carrier to alter any rate, fare, charge, or any classification, rule, regulation, or practice affecting such rate, fare or charge, to the extent necessary to correct any discrimination, preference, or prejudice, and any order that the air carrier or foreign air carrier shall discontinue demanding, charging, collecting, or receiving any such discriminatory, preferential, or prejudicial rate, fare, or charge or enforcing any such discriminatory preferential, or prejudicial classification, rule, regulation, or practice, need not be so reported."

Sec. 3. Subsection (d) of section 1002 of the Federal Aviation Act of 1958 (49 U.S.C. 1482(d)) is amended by changing the colon following the word "effective" to a period and striking out the following: "*Provided*, That as to rates, fares, and charges for overseas air transportation, the Board shall determine and prescribe only a just and reasonable maximum or minimum, or maximum and minimum rate, fare, or charge."

Sec. 4. Subsection (e) of section 1002 of the Federal Aviation Act of 1958 (49 U.S.C. 1482(e)) is amended by inserting the words "and foreign air carriers" after the words "air carriers" where they appear in paragraphs (2) and (3) of the subsection, and by inserting the words "and foreign air carrier" after the words "air carrier" where they appear in paragraph (5).

Sec. 5. Subsection (f) of section 1002 of the Federal Aviation Act of 1958 (49 U.S.C. 1482(f)) is amended to read as follows:

#### "RATES AND PRACTICES IN FOREIGN AIR TRANSPORTATION"

"(f) Whenever, after notice and hearing, upon complaint or upon its own initiative, the Board shall be of the opinion that any individual or joint rate, fare, or charge demanded, charged, collected, or received by any air carrier or foreign air carrier for foreign air transportation, or any classification, rule, regulation, or practice affecting such rate, fare, or charge or the value of the service thereunder, is or will be unjust or unreasonable or unjustly discriminatory, or unduly preferential, or unduly prejudicial, the Board may alter the same to the extent necessary to correct such unjustness, unreasonableness, discrimination, preference, or prejudice and make an order that the air carrier or foreign air carrier shall discontinue

demanding, charging, collecting, or receiving any such unjust, unreasonable, discriminatory, preferential, or prejudicial rate, fare, or charge, or enforcing any such unjust, unreasonable, discriminatory, preferential or prejudicial classification, rule, regulation, or practice. The Board may in the aforesaid order set forth and prescribe the lawful rate, fare, or charge (or the maximum or minimum or the maximum and minimum thereof) thereafter to be demanded, charged, collected, or received, or the lawful classification, rule, regulation, or practice thereafter to be made effective."

Sec. 6. Subsection (g) of section 1002 of the Federal Aviation Act of 1958 (49 U.S.C. 1482(g)) is amended—

(1) by striking out the words "interstate or overseas";

(2) by amending the parenthetical phrase following the word "joint" to read as follows: "(between air carriers, between foreign air carriers, or between an air carrier or carriers and a foreign air carrier or carriers)"; and

(3) by inserting the words "or foreign air carrier" after the words "air carrier" wherever they appear therein.

Sec. 7. Subsection (i) of section 1002 of the Federal Aviation Act of 1958 (49 U.S.C. 1482(i)) is amended by changing the colon following the word "operated" to a period and striking out the following: "*Provided*, That as to joint rates, fares, and charges for overseas transportation the Board shall determine and prescribe only just and reasonable maximum or minimum or maximum and minimum joint rates, fares, or charges."

Sec. 8. The amendments made by this Act shall become effective thirty days after the date of enactment of the Act.

Mr. MONRONEY. Mr. President, last spring the Nation and the Congress witnessed the spectacle of this government and United States international flag airlines succumbing to the threats and dictates of certain foreign governments in a dispute over the level of air fares to be charged by international air carriers flying across the Atlantic. The dispute arose, as you will recall, because the Civil Aeronautics Board refused to approve an increase in transatlantic air fares.

The result of that dispute is well known. United States citizens are now required to dig deeper into their pockets and pay more hard dollars if they wish to fly to Europe, 60 percent of which goes to foreign carriers. The prime reason for this costly situation was the lack of statutory authority in the Civil Aeronautics Board to effectively back up our United States carriers in their attempts to prevent the increase in fares. No effective statutory tools were available to the CAB to aid it in its negotiations with foreign governments.

The bill reported by the Commerce Committee, S. 1540, would give to the CAB the power to prevent future recurrences of such disputes. It would give the Board discretionary authority to suspend and fix international air fares. This authority would be comparable to the power the Board now has to suspend and fix domestic air fares. The bill would impose a duty on air carriers engaged in foreign air transportation to establish just and reasonable rates. It would further the objective of the air transportation policy of this government to provide reasonable rates taking into account the interests of both the carriers

and the passengers. It would maintain the present mechanism of establishing international rates through the International Air Transport Association, but would give the Board the power to protect travelers from unjust and unreasonable rates. Most important, it would give to the Board the same powers which its counterparts in foreign governments now have.

Under existing law the Board has no authority over the rates charged in foreign air transportation, although most foreign governments have such power.

Rates, fares, and practices in foreign air transportation are currently established by the International Air Transport Association (IATA), an organization of international air carriers. The rates are recommended by the members of IATA and are approved or disapproved by IATA at rate conferences which are held periodically. The approval must be unanimous; any single member carrier can veto the proposed rate structure. The rates established through these conferences must be approved by the governments of the foreign countries represented by the carriers. The Board, under section 412 of the Federal Aviation Act of 1958, must approve or disapprove the rates established by IATA. But because of the lack of any direct authority over international rates, the Board's indirect power under this section has been ineffective. The result has been the rubberstamping by the Board of previous IATA rate agreements.

In the past, efforts by the United States to improve its position in meeting foreign air transportation competition have been hampered and restricted by the limited authority of the Board over rates and practices in foreign air transportation. In short, foreign countries have recognized this lack of authority and the bargaining power of the United States has been weakened. The Board has been unable to protect U.S. carriers in rate negotiations from the almost complete domination and control of the foreign countries into which they fly. Nor has the Board been able to protect the U.S. traveling public from the unjust and unreasonably high rates which are prevalent in foreign air transportation. When a foreign carrier casts its vote at an IATA rate conference, it is in effect casting its government's vote and can depend upon the full assistance and authority of its government in assuring that its vote for high rates will prevail.

The most persuasive illustration of the need for this bill is the controversy over international air fares which is still going on. We lost the battle last spring because the Board did not have the powers provided in this bill. But the controversy remains. The fundamental difference in the rate philosophies of foreign carriers and our carriers remains.

Intergovernmental negotiations have been conducted to try to arrive at a new and lower level of fares acceptable to this country. Two formal meetings of the members of IATA have been held at Salzburg, Austria, in an attempt to agree on transatlantic fares. No agreement

has been reached and from all indications it is unlikely that one will be.

The current agreement as to transatlantic rates will expire next spring. If a new agreement is not reached by that time, we will be faced with the same situation that occurred last spring—an open dispute between carriers and between governments.

It would be ludicrous if this Nation, which is predominant in the field of aviation and international air travel would have to capitulate again to the threats and dictates of foreign governments. Under this bill, the Board would be able to utilize and wield the vast economic power of this country in negotiations with these governments.

Statistics show that the majority of international air travelers are U.S. citizens. The dominance of our flag carriers is undisputed. They currently carry 40 percent of the North Atlantic traffic and approximately 50 percent of the traffic in the other major markets. On the North Atlantic route alone, over 60 percent of the revenue derived by all carriers comes from U.S. citizens. It is clear that the coffers of foreign airlines are enriched largely by the dollars paid by U.S. citizens. It is equally clear that the drain on our dollar supply is substantial.

In the past, foreign carriers have consistently pressed for and obtained rate increases. The U.S. carriers have always sought to lower rates. There is no reason to believe this trend will change.

U.S. carriers have traditionally been the low-cost and most efficient carriers. They operate without subsidy and compete effectively with foreign lines.

Many foreign carriers are either owned or subsidized to a large degree by their governments. With few exceptions, they are not noted for efficient, profitable operations. Many fly uneconomic routes for reasons of national interest and prestige. They offset their losses on uneconomic routes from the profits made in transporting Americans.

Both U.S. and foreign carriers are presently faced with an over-capacity of seats. The solution of U.S. carriers to this problem is to lower fares and increase the market to fill the available seats. The solution of foreign carriers is to increase fares in order to make up for the losses caused by overcapacity.

If the actions of foreign governments and foreign carriers affected only their citizens, we would not be so concerned. But the full impact of their actions and their high rate philosophy must ultimately be borne by the citizens of this country. Affirmative action must be taken now to protect our travelers by empowering the Board to press for lower rates.

The effect of the bill must be viewed in light of our bilateral air agreements with foreign governments. Most of these agreements are patterned after the Bermuda Air Agreement which was entered into between the United States and the United Kingdom in 1946. Contained in these bilaterals is an agreement by the executive branch of our Government to seek legislation which would give to the

Board the same power over international rates as it has over domestic rates.

These agreements have alternative provisions with respect to the settlement of rate disputes. Which provision governs depends upon whether or not the Board has the power to fix and suspend international rates. Under one provision, which is presently in effect because the Board does not have this power, either party to the bilateral can take whatever steps it considers necessary to prevent a disputed rate from becoming effective. This provision has been of little benefit to the Board in protecting our citizens from high rates, because the Congress has never given the Board formal legal power to control rates or authorized it to impose severe sanctions against foreign carriers to prevent high rates. The committee agrees with the Board that the apparent authority conferred by this provision is ineffective.

Under the alternative rate provision which would govern if S. 1540 is passed, any disputed rate may go into effect pending settlement by arbitration. The significance of this provision is that neither country party to the agreement can prevent the rate proposed by a foreign carrier from taking effect. While the Board under this provision could not directly control the rates of foreign carriers, it could definitely suspend and fix the rate of U.S. carriers. This is extremely important, because control over rates of U.S. carriers indirectly gives to the Board control over rates of foreign carriers.

If a fare cannot be arrived at by the carriers through IATA which is acceptable to our carriers and the Board, either our carriers or the Board could initiate a lower fare and the foreign countries into which our carriers fly could not prevent the fare from taking effect under the bill we are now considering. The forces of competition would force the foreign carriers to lower their rates also. For example, if our carriers chose to charge only \$400 for a round trip economy ticket to London, it is highly unlikely that BOAC or Air France would continue to charge \$500. They could not, because of the competitive disadvantage. They would find themselves flying empty planes back and forth across the Atlantic.

Once lower rates are placed into effect by U.S. carriers, the whole rate structure of all international carriers will be lowered and the U.S. traveling public will no longer be subjected to the high rate practices of foreign carriers. This bill will enable our carriers to initiate the lower rates they have for so long advocated.

The committee amendment in the nature of a substitute differs in only one respect from the bill originally reported on August 28. Under the original bill the President would have had the power to approve or disapprove actions of the Board in suspending and fixing international rates. Under the amendment the Board is required to report to the President its decisions on international rate matters before publication but does not provide any statutory authority for mod-

ification of Board decisions by the President.

What is a just and reasonable rate is primarily an economic determination. It is based on many complex factors, such as route patterns, efficiency of management, effect on the movement of traffic, character and quality of service, the need for low-cost transportation, and the need of air carriers for a fair return on investment. These are matters in which the Board is expert. It has acted with wisdom and restraint in exercising its domestic rate-fixing powers and I am confident it will do the same with respect to the power granted by this bill.

I want to make crystal clear that the committee amendment is in no way intended to, nor can it, affect the power of the President in foreign affairs. The committee concluded only that the technical fixing of rates, which will principally be the rates of U.S. carriers, is a function of regulating foreign commerce and that this regulation should be by the Board.

In closing I want to emphasize that the bill does not represent a drastic departure from the present method of arriving at international rates. The only satisfactory way to arrive at these rates is through negotiations. Continued reliance must be placed on IATA as the mechanism for establishing international rates.

All this bill does is to give to the Board the same power over international rates that it now has over domestic rates. It merely grants to the Board the same power which its counterparts in foreign governments have. While the Board has always had the power to fix domestic rates, it has rarely had to exercise the power. I believe that the same will be true with respect to international rates.

This bill will arm the Board and our carriers with the power to negotiate satisfactorily at the bargaining table. They will no longer have to negotiate empty-handed. The equality in bargaining power will give the impetus needed to agree on mutually acceptable fares. This is the primary purpose of the bill and I hope that the Board will never have to exercise the power given to it. But the Board must have the power to protect our carriers and our citizens should the need arise. We can no longer allow the negotiators across the bargaining table to regard us as an impotent giant.

I strongly urge the adoption of this bill.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. MONRONEY. I am glad to yield.

Mr. RANDOLPH. I commend the statement made by the Chairman of the Aviation Subcommittee of the Senate Commerce Committee. The RECORD will indicate that last autumn I advocated a measure which is similar to the one now being presented to the Senate for its approval. Mr. President, during my remarks in this forum on September 19, 1962, I declared:

The problems facing the United States and its international airlines have, in fact, become of increasing concern to the Congress.

Under the leadership of the knowledgeable Senators who are the chairman and ranking minority members of the Aviation Subcommittee—the junior Senator from Oklahoma [Mr. MONRONEY] and the senior Senator from New Hampshire [Mr. COTTON]—the subcommittee has begun to come to grips with the issues which cannot be postponed 10 years or 5 years, but issues which must be faced by our Government immediately. The ranking majority member of the subcommittee, the junior Senator from Florida [Mr. SMATHERS], likewise has for years been alert in bringing these issues to the attention of the Congress. Under a resolution by the Senator from New Hampshire [Mr. COTTON], hearings were held last year by the Aviation Subcommittee to define and focus attention on the broad problems involved in the international air picture. Disclosures emphasized the destructive foreign-flag airline capacity and rate practices.

Troubles of this type cause the industry to suggest that additional tools be given the Civil Aeronautics Board to deal with these practices. Two bills introduced by the capable chairman of the Commerce Committee, Senator MAGNUSON, would clarify and strengthen the Board's authority in the capacity and foreign rate fields. Both of these steps are urgently needed as desirable.

These measures are necessary as initial steps if our Government is to have the virile air transport system it requires for its national defense and to build its economic strength.

The legislation introduced by Chairman MAGNUSON, to which I have referred, would give our Government the necessary tools to deal with these rate and capacity problems. It would not erect any artificial barriers to trade and commerce for the sake only of protecting our carriers. It provides our Government with added bargaining power comparable to that provided under the pending trade bill, which will shortly be passed by the Senate.

There is need for our country to have improved negotiating power, because, beside the problems of rate and capacity, we have the fact that U.S. carriers must compete against foreign government-owned or subsidized airlines, both individually and in pools.

To be successfully implemented, both the trade policy and the international air transport policy required the strong and active support of the U.S. Government, the Government acting through an awakened understanding on the part of all our citizens of the situation in which we find ourselves. Both policies require reciprocal international concessions. Both require the lifting of foreign restrictions imposed on American goods and services. Both require equal market opportunity between nations. Both require strict compliance with agreements between nations. Both require effective bargaining. Both require safeguards to protect the national interest of the United States. Both require dedicated and resourceful negotiators. Both require the strongest possible negotiating position. Both require energetic and imaginative American salesmanship, which today is being stifled because of practices which, as I have indicated, are unfair in marked degree.

Mr. President, I believe that this legislation is in the interest of the American-flag carriers and the American economy. It sets forth to the international air carriers from other countries the fact that although we believe in trade—and certainly this is a form of trade—international air travel, passengers and cargo—we are determined and we are realistic in our effort to maintain a competitive position for the American-flag carriers in

those markets to which, frankly, they have a justifiable right.

Mr. MONRONEY. I thank the distinguished Senator from West Virginia for his consideration and evaluation of the bill. I recall vividly the able and effective advocacy of the distinguished Senator from West Virginia. The remarks he made last autumn were prophetic.

Mr. COTTON. Mr. President, this is a highly complex piece of legislation—more involved than most legislation because its provisions can only be fully understood in the light of the bilateral air services agreements which govern the exchange of international airline services.

The distinguished Senator from Oklahoma has explained the effects of the bill, and an explanation can also be found in the reports of the committee, so I shall not go into the details of the legislation. However, there are a couple of major points about it which I believe must be made perfectly clear to all.

First, this might be called standby legislation. The powers which this bill would confer will not have to be used regularly by the Civil Aeronautics Board. In fact, I hope they will not have to be used at all.

Under ordinary circumstances, it is obvious that one government cannot, alone and unilaterally, fix the rates to be charged for an international airline flight. It takes the agreement of at least two governments, and probably more, before the airliner can take off in one country and land in another. For this fundamental reason, agreements on international airline fares have been worked out by the industry itself, not by governments. This has been done through the International Air Transport Association—IATA.

This bill would not replace or supersede IATA. It is not intended to substitute Government regulation for the agreement procedures of IATA.

Instead it would give our Government, through the CAB, standby powers to act should the IATA procedures fail to work.

It may also have the effect of equalizing the bargaining powers among the various air carriers within IATA, because it will give the U.S. Government authority which is comparable to the authority already possessed by most of the world's major airline nations. In this respect, I hope it will encourage all governments to keep a hands-off attitude with respect to these purely commercial aspects of international air service. The intervention of many governments, all with generally equal powers to regulate rates, would only create chaos, a disruption of service, and a head-butting contest between sovereign nations. At the present time, there is some tendency on the part of certain foreign nations to inject themselves into these rate matters because they believe the U.S. Government does not have the same legal powers they possess. The enactment of this bill would dispel any such idea, and, I hope, bring those governments to the realization that massive government regulation on both ends of

the air flight is pointless and self-defeating.

Second, Mr. President, it must be pointed out that the bill has a serious and glaring loophole. The plain facts of the matter are that, with respect to the 40 countries with which we have Bermuda-type agreements, passage of this bill will not give us any effective authority over the rates of foreign air carriers. Under the terms of those agreements, passage of this bill to regulate the rates of foreign air carriers actually would give the U.S. Government authority only over the rates of U.S. carriers. In these circumstances, the CAB may find itself powerless, at least under the bill, to do anything about a foreign air carrier should its rates become uneconomically and destructively low, contrary to the public interest. Such destructive rates, particularly on the part of heavily subsidized and Government-owned airlines, could conceivably become a real factor in the world. It is a possibility which must be watched carefully. The administration, as the principal advocate of the pending bill, has a serious responsibility in this area which must not be neglected.

Frankly, Mr. President, I cannot bring myself to regard this bill with any enthusiasm. Its proponents and advocates claim its enactment is the best and surest way to secure lower international airfares. I hope they are right, but the current evidence indicates that transatlantic airfares during the peak season next spring and summer will be considerably lower than they were this year as a result of the activities of U.S. air carriers, and not as a result of any new regulatory legislation.

The committee has amended the bill, as a result of proposals which I offered, in conjunction with others, in such a way as to insure that the economics of air travel will be the principal factors in whatever regulation may take place, so that the international airlines of the United States will not be used as mere pawns on a diplomatic chessboard.

I shall, therefore, not object to passage of the bill.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The bill (S. 1540) was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MONRONEY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, starting with Calendar No. 629, the calendar be called in sequence. Calendar No. 629 and all bills following have the full approval of the minority leader.

The PRESIDING OFFICER. Is there objection to the request of the Senator

from Montana? The Chair hears none, and it is so ordered.

The clerk will state the various measures in order.

#### UNIFORM COMMERCIAL CODE FOR THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (H.R. 5338) to enact the Uniform Commercial Code for the District of Columbia, and for other purposes which had been reported from the Committee on the District of Columbia, with amendments; on page 2, in the article listings between lines 2 and 3, delete the comma after "Bills of Lading", and the comma after "Contract Rights".

Page 10, line 4, strike out "(15)" and insert in lieu thereof "(14a)", and renumber succeeding paragraphs numbered 16 through 47 as paragraphs 15 through 46, respectively.

Page 24, insert a period at the end of line 23.

Page 49, line 2, strike out "28: -719" and insert in lieu thereof "28: 2-719".

Page 115, insert a period at the end of line 14 and at the end of line 20.

Page 118, line 22, strike out "indorsed," and insert in lieu thereof "indorsed".

Page 122, line 24, strike out "pay." and insert in lieu thereof "pay".

Page 126, line 20, strike out "Any" and insert in lieu thereof "Any".

Page 132, line 23, strike out "unless" and insert in lieu thereof "unless".

Page 153, line 1, strike out "a draft" and insert in lieu thereof "A draft".

Page 204, strike out lines 6 through 11, and insert in lieu thereof the following: "(1) This article applies".

Page 220, line 17, strike out "this state" and insert in lieu thereof "the District".

Page 281, line 1, strike out "persons".

Page 299, in the section listings following line 15, strike out "28:9-106. Definitions: 'account'; 'contract right'; 'general intangible'." and insert in lieu thereof the following: "28:9-106. Definitions: 'account'; 'contract right'; 'general intangibles'".

Page 309, line 12, strike out "right." and insert in lieu thereof "right".

Page 309, line 14, strike out "products".

Page 362, lines 22 and 24, strike out "Article" and insert in lieu thereof "article".

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

#### REGULATING LOANING OF MONEY ON SECURITIES IN THE DISTRICT OF COLUMBIA

The bill (H.R. 3191) to exempt life insurance companies from the act of February 4, 1913, regulating loaning of money on securities in the District of Columbia was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed

in the RECORD an excerpt from the report (No. 650), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee on the District of Columbia, to whom was referred the bill (H.R. 3191) to exempt life insurance companies from the act of February 4, 1913, regulating loaning of money on securities in the District of Columbia, after full consideration, report favorably thereon without amendment and recommended that the bill do pass.

The purpose of this bill is to exempt life insurance companies from the provisions of an act regulating moneylending.

Section 10 of the act of February 4, 1913, as amended by section 7 of the act approved June 11, 1960 (74 Stat. 196), presently exempts from the act, the legitimate business of national banks, licensed bankers, trust companies, savings banks, building and loan associations, small business investment companies licensed and operating under the Small Business Investment Act of 1958, or real estate brokers as defined in the act of Congress of July 1, 1902. H.R. 3191 exempts life insurance companies as defined in the bill from that act. In order for a life insurance company to be exempted, it must be authorized to do business in the District of Columbia or in any of the States of the United States.

The bill also amends section 10 of the act to require any person or legal entity making a loan secured on real or personal property in the District of Columbia, who or which does not maintain an office or residence in the District, to appoint and maintain a registered resident agent for the service of process in order to be exempted from the requirements of the other sections of the act. The Commissioners of the District of Columbia are designated as the agent for service of process in any case where there is no registered agent, or such agent cannot be found at his registered address.

The legislative history of the act of February 4, 1913, indicates that it was aimed at driving out the unlicensed makers of small loans charging an exorbitant rate of interest to the borrowers. As late as 1930, it was considered that the act applied only to small loans of \$200 or less and did not apply to normal real estate mortgage transactions. (See *Von Rosen v. Dean*, 41 F. (2d) 982). More recent decisions of the local court of appeals, however, appear to hedge on the *Von Rosen* case with the result that substantial doubt has been raised as to whether an institutional lender not included in the exemption is restricted by the provisions of the Loan Shark Act in its regular mortgage loan operations.

The problem and the questions relative to life insurance companies arise because the District of Columbia Code establishes a 6-percent interest limit on loans for more than \$200 if made by a lender other than those exempted in section 10 of the act of February 4, 1913.

On the other hand, the usury statute of the District of Columbia Code allows for a maximum interest rate up to 8 percent provided the loan contract is in writing. There is no question that banks and building and loan associations, exempted by the 1913 act, are governed in their maximum interest rate only by the usury statute. As indicated, however, there is a question in the case of insurance companies as a consequence of which the conservative position has been taken by many such companies that they will not entertain requests for loans in the District of Columbia which in normal circumstances will justify at a given time an interest rate in excess of 6 percent. Such loans in general are those for larger amounts desired by sophisticated investors in the de-

velopment of commercial and apartment projects. While it seems clear that the 1913 act was not intended to cover a lender such as an insurance company, the fact is that for all practical purposes many insurance companies will not make available in the District of Columbia funds which otherwise might be loaned for enterprises and under conditions justifying an interest rate in excess of 6 percent. Naturally, the companies prefer to take that portion of their investment funds to a jurisdiction in which there is no question about the authorized interest rate.

The Board of Commissioners have no objection to the enactment of this legislation, and passage of H.R. 3191 will not involve any additional cost to the District of Columbia.

#### AMENDMENT TO LIFE INSURANCE ACT FOR THE DISTRICT OF COLUMBIA

The bill (H.R. 7497) to amend the Life Insurance Act for the District of Columbia relating to annual statements, and for other purposes, was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 651), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of this bill is to amend section 8 of the Life Insurance Act for the District of Columbia (48 Stat. 1132), to modify certain overly strict and inflexible statutory provisions relating to the publication and contents of annual statements and reports required of life insurance companies doing business in the District of Columbia.

##### ANNUAL STATEMENTS

Current law (sec. 35-103, D.C. Code, 1961 ed.) requires that each life insurance company doing business in the District shall publish annually in March in a daily newspaper a summary of its annual statement, "and any such company or association failing to comply with the provisions aforesaid shall have its license to do business in the District revoked." Almost every year, the harshness of this inflexible penalty has created problems for one or more companies which through inadvertence or mistake have failed to make timely publication.

Relief from this provision would be provided by section 1 of this bill which authorizes the Superintendent to exercise his discretion in connection with the publication requirement. The relief here sought for life insurance companies is already applicable to other kinds of insurance companies. In fact, the precise language of this new provision is carried over from the law now applicable to fire, casualty, and marine insurance companies (sec. 35-1311, D.C. Code, 1961 ed.).

Also, present law (sec. 35-407, D.C. Code, 1961 ed.) provides that all life insurance companies doing business in the District must file a financial statement annually before March 1 with the District of Columbia Superintendent of Insurance, and the same mandatory revocation of license is imposed in the event of failure to do so. This bill would change this requirement so as to make it discretionary with the Superintendent of Insurance whether a company should have its certificate of authority revoked for failure to file its annual statement on time, rather than mandatory as under existing law. We are informed that precedent for this change also exists in the Fire Insurance Act. Furthermore, there is an

ambiguity in present law regarding life insurance companies in this respect, because of a provision in the Revenue Act of 1937 (sec. 47-1805, D.C. Code, 1961 ed.) which states as follows:

"If any such (insurance) company shall fail to file the annual statement herein required, the Superintendent of Insurance may thereupon revoke its license or certificate of authority to transact business in the District of Columbia."

This apparent conflict in present law would be relieved, of course, by this provision of H.R. 7497.

##### ANNUAL REPORTS, ALIEN COMPANIES

Current law (sec. 35-410, D.C. Code, 1961 ed.) prohibits alien companies from referring in their District advertisements to assets other than those held in the United States. This provision precludes a Canadian company, for example, from sending to its policyholders in the District a copy of its annual report which is sent to its policyholders elsewhere, since the annual report will reflect the company's total assets.

The provisions of section 2 of this bill would grant relief from this provision to the extent of allowing such a company to mail its annual report to its policyholders in the District.

The Board of Commissioners of the District of Columbia have no objection to the bill, and a copy of its report to the committee on S. 1775, an identical bill, is set out hereafter and made a part of this report.

#### RELOCATION COSTS IN THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (S. 1024) to authorize the Commissioners of the District of Columbia to pay relocation costs made necessary by actions of the District of Columbia government which had been reported from the Committee on the District of Columbia, with amendments, on page 2, line 17, after "\$3,000", to insert "(or, if greater, the total certified actual moving expense)", and on page 4, after line 10, to strike out:

Sec. 7. The Commissioners are hereby authorized to make regulations to carry out the purposes of this Act.

And, in lieu thereof, to insert:

Sec. 7. The Commissioners are hereby authorized to make regulations to carry out the purpose of this Act, including, without limitation, the establishing, from time to time, of a limitation on the actual amount of moving expenses over \$3,000 which will be paid by the District of Columbia to a business concern or nonprofit organization in accordance with the provision of section 2 of this Act: *Provided*, That no regulation affecting individuals, families, business concerns, and nonprofit organizations displaced by activities of the Redevelopment Land Agency of the District of Columbia, shall be promulgated which will conflict with regulations of the Housing and Home Finance Agency.

So as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Commissioners of the District of Columbia are hereby authorized to provide such relocation services as they shall determine to be reasonable and necessary to individuals, families, business concerns, and nonprofit organizations which may be or have been displaced from real property by actions of the government of the District of Columbia, such actions to include, but not be limited to, acquisition of property for public works proj-

ects, condemnation of unsafe and insanitary buildings and enforcement of the laws and regulations relating to housing. The Commissioners are authorized to make housing surveys in connection with furnishing of such relocation services.

Sec. 2. The Commissioners are hereby authorized to make relocation payments to individuals, families, business concerns, and nonprofit organizations for their reasonable and necessary moving expenses caused by their displacement from real property acquired by the Commissioners after the effective date of this Act for public works projects of the District of Columbia: *Provided*, That no such payment shall be made in any case where a payment for a similar purpose is authorized by a law other than this Act. Such relocation payments shall be made in accordance with regulations prescribed by the Commissioners and shall not for any one relocation exceed \$200 in the case of an individual or family or \$3,000 (or, if greater, the total certified actual moving expense) in the case of a business concern or nonprofit organization.

Sec. 3. The costs of the relocation services, housing surveys and relocation payments authorized by sections 1 and 2 of this Act shall be charged to the District of Columbia general fund, the highway fund, the water and sanitary sewage works fund, or the motor vehicle parking account as the Commissioners shall determine appropriate, based on the activities of the particular District of Columbia governmental agency which resulted in any particular displacement.

Sec. 4. Prior to the acquisition of real property for any public works project of the District of Columbia the Commissioners shall satisfy themselves that there is a feasible method for the temporary relocation of families displaced from such property, and that there are or within a reasonable period will be provided in areas not generally less desirable in regard to public utilities and public and commercial facilities, and at rents or prices within the financial means of the families displaced from such property, decent, safe, and sanitary dwellings equal in number to the number of, and available to, such displaced families, and reasonably accessible to their places of employment. The determinations made by the Commissioners in accordance with the requirements of this section shall be indicated in the records relating to the acquisition of such real property, and upon being so recorded shall be conclusive.

Sec. 5. The Commissioners and the District of Columbia Redevelopment Land Agency established by section 4 of the District of Columbia Redevelopment Act of 1945 (60 Stat. 793), as amended (sec. 5-703, D.C. Code, 1961 edition), are hereby authorized to enter into one or more agreements providing for the furnishing of relocation services and the making of relocation payments to individuals, families, business concerns, and nonprofit organizations referred to the Commissioners by the Agency or to the Agency by the Commissioners. Any such agreement shall provide for payment, either in advance or on a prompt reimbursement basis, for all relocation services furnished or to be furnished and relocation payments made or to be made.

Sec. 6. Except as provided in section 5 of this Act, nothing in this Act shall be construed as modifying any provision of the District of Columbia Redevelopment Act of 1945, as amended.

Sec. 7. The Commissioners are hereby authorized to make regulations to carry out the purpose of this Act, including, without limitation, the establishing, from time to time, of a limitation on the actual amount of moving expenses over \$3,000 which will be paid by the District of Columbia to a business concern or nonprofit organization in accordance with the provision of section 2 of this

Act: *Provided*, That no regulation affecting individuals, families, business concerns, and nonprofit organizations displaced by activities of the Redevelopment Land Agency of the District of Columbia, shall be promulgated which will conflict with regulations of the Housing and Home Finance Agency.

Sec. 8. Appropriations to carry out the purposes of this Act are hereby authorized, and there are hereby authorized to be expended from the appropriations payable from the funds and account specified in section 3 of this Act, for carrying out the purposes of this Act, such currently appropriated sums as may not otherwise be obligated.

Sec. 9. This Act shall take effect sixty days after the date of its approval.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 652), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The purposes of the bill are: (1) To authorize appropriation of District of Columbia funds for furnishing relocation services to individuals, families, businesses, and nonprofit organizations displaced by District governmental activities; (2) to authorize payment of relocation costs to those whose property is acquired by the District of Columbia for construction of highways, buildings, or other public works projects in amounts not to exceed \$200 per individual or family, and \$3,000 per business or nonprofit organization, unless in the latter case a greater amount of actual moving expense is certified; and (3) to authorize the District of Columbia Redevelopment Land Agency and the Board of Commissioners of the District of Columbia to enter into agreements with respect to furnishing relocation services.

Each year many individuals, families and businesses, and some nonprofit organizations are displaced by actions of the District of Columbia government. These actions include condemnation of unsafe and insanitary buildings, enforcement of housing regulations, highway construction, and acquisition of property for District of Columbia buildings and facilities. No payment of relocation costs is presently authorized for those displaced by any of these governmental activities. The Department of Public Welfare provides limited relocation services for people displaced by governmental and private action. These services include referral to available accommodations which are listed as being in compliance with housing regulations.

The bill provides for payment of relocation costs to displacees only in the case of acquisition of property for construction of highways, buildings, and other public works. However, the bill will also provide expanded and more effective relocation services for displacees resulting from condemnation of unsafe and insanitary buildings, enforcement of housing regulations, and acquisition of property for highway and building construction and other public works.

On October 23, 1962, the Federal-Aid Highway Act of 1962 (Public Law 87-866) was approved. Section 5 of this act amends chapter 1 of title 23 of the United States Code to provide that the Secretary of Commerce may approve for reimbursement, as part of the cost of construction of a project on any of the Federal-aid highway systems, relocation payments made by any State (including the District of Columbia). Reimbursement to the States is limited to \$200 per individual

or family and \$3,000 per business or nonprofit organization. Presently, therefore, it is necessary for the District of Columbia to be authorized by Congress to make relocation payments in order for the District government to receive reimbursement from the Secretary of Commerce pursuant to the Highway Act. This bill will provide that authorization.

In addition to providing the District of Columbia with the necessary authority to bring it under the provisions of the Federal Highway Act, the bill, as amended, also extends the \$200 relocation payment to all individuals and families displaced by a District of Columbia public works project. In those instances where a business is displaced by public works projects, the bill authorizes the District Commissioners to pay relocation expenses up to \$3,000 unless there is a certification that the actual moving expenses are in excess of that amount. In that event, the bill provides the District Commissioners authority to make regulations that will establish, from time to time, the limitation on actual moving expenses over \$3,000 which will be paid by the District to business concerns. However, there is no provision in the bill for a maximum dollar limitation.

The relocation payment authority that would be granted the District government under this bill, as amended, is similar to the relocation payment authority contained in the Housing Act of 1949 (42 U.S.C. 1546) as amended. Under the provisions of the Housing Act, the District of Columbia Redevelopment Land Agency and other urban renewal agencies of our major cities have been authorized to make relocation payments to families and businesses displaced from urban renewal project areas. Section 106(f) (2) of the Housing Act provides for relocation payments not to exceed \$200 per family and \$3,000 per business, unless, in the case of a business, a greater amount of actual moving expense is certified. The Housing and Home Finance Agency, through regulation, has established \$25,000 as the maximum actual moving expense which will be paid by the Federal Government to a business concern.

Sections 1 and 2 of the bill provide for the furnishing of relocation services, and making of housing surveys, and the making of relocation payments to those displaced by actions of the District government. Moving expenses are provided for in cases of acquisition for public works projects but not in cases of housing code enforcement or condemnation actions involving unsafe or insanitary buildings.

Section 3 provides that the cost of the relocation services, housing surveys, and moving expenses will be charged to the District general and special funds as appropriate.

Recent studies indicate that the relocation services furnished by the District of Columbia Redevelopment Land Agency cost approximately \$88 per individual, family, or business, with moving expenses averaging \$62 per individual or family and business moving expenses averaging \$2,400. It is estimated that 1,799 families and 47 businesses will be displaced by District governmental action in fiscal year 1964, 455 of the families by housing code enforcement and condemnation of unsafe or insanitary buildings. If comparable displacement services were furnished to this number of families and businesses, the cost to the District would be approximately \$162,488 for individual, family, and business relocation services, \$83,328 for family moving expenses, and \$112,800 for business moving expenses, for a total of \$358,576.

Section 4 of the bill provides that the Board of Commissioners of the District of Columbia must satisfy themselves that housing is available for those to be displaced by any District public works program prior to acquiring the real property required for such program.

Section 5 authorizes the Board of Commissioners of the District of Columbia and the Redevelopment Land Agency to enter into agreements for the furnishing of relocation services on a reimbursable basis. The purpose of this section is to permit the centralization of relocation services in either the District government or the Redevelopment Land Agency, with a resulting increase in efficiency.

Section 6 provides that nothing in the legislation, except section 5, shall be construed as modifying any provision of the District of Columbia Redevelopment Act of 1945.

Section 7, as amended, authorizes the Board of Commissioners of the District of Columbia to make regulations to carry out the purposes of the legislation, including regulations to establish the maximum certified actual moving expense in excess of \$3,000 which will be paid to a displaced business or nonprofit organization. This section also insures that the Board of Commissioners will not promulgate regulations affecting urban renewal displacees which may conflict with regulations of the Housing and Home Finance Agency.

Section 8 authorizes appropriations to carry out the purposes of the bill, and, in addition, grants authority for the use of currently appropriated funds.

Section 9 provides that the effective date of the legislation shall be 60 days after its approval.

The Subcommittee on Fiscal Affairs held a public hearing on this bill on September 12, 1963, at which time representatives of the Board of Commissioners of the District of Columbia, the District of Columbia Redevelopment Land Agency, and other organizations, appeared and testified in favor of the bill. The committee also received a letter from the Housing and Home Finance Agency favoring enactment of this legislation.

The Board of Commissioners of the District of Columbia strongly recommends the enactment of this bill and estimates that the additional expense to the District of Columbia for the fiscal year 1964, occasioned by its passage, will be \$358,576.

#### UNCLAIMED MONEYS HELD IN TRUST BY DISTRICT OF COLUMBIA GOVERNMENT

The bill (S. 2054) to eliminate the maintenance by the District of Columbia of perpetual accounts for unclaimed moneys held in trust by the government of the District of Columbia was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That in any case in which any money has been held in trust for, or for the account of, any person by the government of the District of Columbia pursuant to statute or otherwise, and no communication, in writing or otherwise as indicated by a written memorandum, has been received by the government of the District of Columbia concerning such money from the person entitled thereto, for a period of not less than ten years, the Commissioners shall send notice by registered or certified mail to the last known address of the person for whom such money is being held. Such mailed notice shall contain a statement that money is being held for such person and if no written claim for the return thereof is submitted to the Commissioners within sixty days of the date such notice is mailed, any future claim therefor will, subject to the provisions of section 2 of this Act, be forever barred.

Sec. 2. (a) Not less than sixty days after the mailing of any notice pursuant to the first section of this Act the Commissioners shall publish notice once each week for two successive weeks in a newspaper of general circulation in the District of Columbia. Such published notice shall be entitled "Notice of Names of Persons Appearing to be Owners of Unclaimed Money Held by the District of Columbia" and shall contain:

(1) The names and the last known addresses, if any, of the persons for whom moneys are being held (listed in alphabetical order of their surnames).

(2) A statement setting forth the substance of subsection (b) of this section.

(b) If no written claim for the return of any such money is submitted to the Commissioners by the date specified in the published notices, which date shall be not less than ninety days from the date of publication of the second notice, such money shall be deposited in the Treasury of the United States to the credit of the District of Columbia and all claims for such money shall be forever barred.

Sec. 3. In any case where any money held in trust by the government of the District of Columbia for the period of time and under the same circumstances as specified in the first section of this Act is in an amount less than the cost, as estimated by the Commissioners, of giving notice as required by the first two sections of this Act, such money may be deposited in the Treasury of the United States to the credit of the District of Columbia without the necessity of complying with the notice requirements of sections 1 and 2 hereof, and after such deposit all claims for such money shall be forever barred.

Sec. 4. Upon the return of any money deposited with the government of the District of Columbia to the person making such deposit after notice has been given such person pursuant to this Act, the Commissioners are authorized to deduct from such returned money the costs of mailing and publishing notices required by this Act, and shall deposit the amount so deducted in the Treasury of the United States to the credit of the District of Columbia.

Sec. 5. As used in this Act, the word "Commissioners" means the Board of Commissioners of the District of Columbia or their designated agent.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 653), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee on the District of Columbia, to whom was referred the bill (S. 2054) to eliminate the maintenance by the District of Columbia of perpetual accounts for unclaimed moneys held in trust by the government of the District of Columbia, after full consideration, report favorably thereon without amendment and recommend that the bill do pass.

The purpose of this bill is to provide procedures whereby the District of Columbia government can be relieved after a period of years of the administrative burden of maintaining unclaimed accounts of money that have been deposited in trust with an agency or department of the District government.

Examples of such unclaimed accounts are moneys received from inmates of the Department of Corrections, juvenile court, patients coming under the jurisdiction of the Department of Public Health and the Department of Public Welfare, and money on deposit in the motor vehicle owners' and operators' financial responsibility fund. The bulk of these accounts are for small amounts averaging less than \$20 per account.

Under the terms of the bill, it is provided that after 10 years from the date of deposit of the money with the District government, or after 10 years from the date of the last communication received about such deposit, the money will be transferred to the Treasurer of the United States to the credit of the District of Columbia, and all claims shall be forever barred where the persons entitled to the return of such money have failed to submit a written claim for such return after having been afforded notice by registered or certified mail, and newspaper publication of their right of reclaim.

The bill also provides that the costs incident to notification by mail and publication would be deducted from any amount claimed by a depositor. In instances of where the costs of notification exceed the amount on deposit, then notification would not be required and the amount could be immediately transferred to the Treasury of the United States to the credit of the District of Columbia.

The committee has been advised that more than 1,000 accounts could be closed out by enactment of this legislation. The actual saving to the District in terms of man-hours and space is difficult to estimate, but according to District officials it would be substantial.

Public hearings were held on the bill by the Fiscal Affairs Subcommittee on September 13, 1963, at which time representatives of the Commissioners for the District of Columbia appeared and testified in support of the bill. No one appeared in opposition to the legislation.

#### INCREASED FEE FOR LEARNER'S PERMITS IN THE DISTRICT OF COLUMBIA

The bill (S. 1964) to amend the District of Columbia Traffic Act, 1925, to increase the fee charged for learner's permits was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) (2) of section 7 of the District of Columbia Traffic Act, 1925 (43 Stat. 1119), as amended (62 Stat. 173; 68 Stat. 732; 76 Stat. 710; sec. 40-301 (a) (2), D.C. Code, 1961 edition), be amended by striking "\$2" and inserting in lieu thereof "\$5".*

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 654), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of this bill is to amend existing law so as to provide authority to increase from \$2 to \$5, the fee charged for a District of Columbia learner's driver permit.

The additional money derived from such fee increase will enable the District government to expand its driver education program, and thereby afford many more youthful motorists an opportunity to participate in the program.

A driver-education program has been conducted in the District schools on a limited basis for more than 10 years and has been demonstrated to be of dramatic effect with respect to driver safety. Evidence of driver education effectiveness is reflected in the response of the Nation's insurance companies which offer reduced premium rates on automobile insurance for those families where the male teenager has satisfactorily completed a qualified driver education course in compari-

son to the rates charged such families where the teenager has not completed such a course. The committee was informed that studies disclose drivers between the ages of 15 and 19 years are among those having the worst driving records in the Nation as a whole. However, those in this same age group who have had the benefit of driver education courses, have been found to be involved in approximately 50 percent fewer accidents resulting in deaths or injuries.

At present, the District's program provides specialized driver education for about 1,700 young motorists annually on a budget of \$98,000 (which funds are taken from the regular school budget). If the proposed fee increase is approved, an additional \$136,600 is expected to be made available to enable expansion of the program so as to provide driver education for an approximate total of 5,040 students annually. The additional funds would allow an increase in the driver education teaching staff so that the program can be carried on throughout most of the week, including Saturdays, after school hours, and throughout the summer vacation months.

The District's driver education program conducted by the schools includes not only onstreet driver training, but classroom instruction as well. Instruction is given only by qualified teachers who must meet the same standards required of other high school teachers in the District. The expanded program is expected to offer driver education to students attending nonpublic as well as public high schools. Approximately 5,500 senior grade students are enrolled in the city's public and nonpublic high schools. All driver education classes are to continue to be conducted in District public schools by public school teachers. The program is expected to reach nearly 100 percent of the high school seniors enrolled in the District.

Driver education programs are receiving increasing acceptance throughout the Nation. At least 21 States now provide some form of financial aid for driver education programs. However, the method of providing financial assistance varies. In some States, assistance is through money appropriated from the general fund, while other States use money obtained from learners' license fees as well as from annual operators' license fees. The committee was informed that at the present time, there are 16 States that charge \$2 or more for a learner's permit fee. Just recently the State of Maryland increased its learner's permit fee to \$5 in order to finance its driver educational program.

In the last Congress, the District of Columbia learner's permit fee was increased from \$1 to the current \$2 charge in order to provide a source for funds to expand the city's public education program for traffic safety. The traffic safety education program, which is directed at the general public, now operates on a budget of about \$63,400 annually.

Driver education, in the view of the District Commissioners, is a most important aspect of the District's overall attempt to reduce the number of automobile accidents which each day grow more costly in terms of lives and property. The benefits to be gained by expanding the current program are quite clear. The method of providing the additional revenue, the Commissioners believe, is a most equitable one. It may be noted that the Department of Motor Vehicles reports that approximately 70 percent of the 40,000 persons who each year apply for learners' permits are school-age youths. The District of Columbia Commissioners are of the view that such a program, directed at those youngsters who are just beginning their careers as motorists, will have a far-reaching beneficial effect for on-road safety of the people of the District of Columbia and the Washington metropolitan area.

On September 13, 1963, public hearings were held on the bill by the Subcommittee

on Fiscal Affairs. Representatives of the Board of Commissioners for the District of Columbia, the American Automobile Association, and the District of Columbia Trucking Association appeared at the hearing and testified in support of the bill. Also the Director of the District of Columbia Department of Motor Vehicles appeared and testified in support of the measure. The committee was also advised that the Superintendent of the District of Columbia Schools strongly endorses enactment of the bill.

#### AMENDMENT OF ACT RELATING TO D.C. TRANSIT SYSTEM, INC.

The bill (S. 1533) to amend the Act of July 24, 1956, granting a franchise to D.C. Transit System, Inc., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part 1, title I of the Act entitled "An Act to grant a franchise to D.C. Transit System, Inc., and for other purposes", approved July 24, 1956, is amended by striking therefrom "Public Utilities Commission of the District of Columbia", and inserting in lieu thereof "Washington Metropolitan Area Transit Commission".*

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 655), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of this bill is to amend existing law (act of July 24, 1956) so as to permit the Washington Metropolitan Area Transit Commission, in lieu of the District of Columbia Public Utilities Commission, to make an annual determination of D.C. Transit System's net operating income and to certify the same to the District of Columbia Commissioners for the purpose of computing exemptions from the motor vehicle fuel and real estate tax. Under the terms of D.C. Transit's franchise, the transit company is exempt from payment of these taxes to the District of Columbia, to the extent its net earnings are less than 6½ percent of gross operating revenues.

The Washington Metropolitan Area Transit Commission was created by an interstate compact between Maryland, Virginia, and the District, and approved by Congress September 15, 1960 (Public Law 86-794), to regulate mass transportation within the Washington metropolitan area. With the exception of the fuel and real estate tax exemption certification, the Washington Metropolitan Area Transit Commission has assumed all the regulatory functions that were originally performed by the District of Columbia Public Utilities Commission, whose authority to carry on this audit function was granted to the Public Utilities Commission in 1956 at the time D.C. Transit System, Inc., was granted a franchise to operate a public transportation system in the District of Columbia.

Subsequently, the Congress, in enacting legislation relating to school fare subsidization to transit companies transporting school children within the District of Columbia (Public Law 87-507), imposed upon the Washington Metropolitan Area Transit Commission the audit function of certifying to the District of Columbia Commissioners annually the earnings of transit companies for purposes of computing school fare subsidies. Basically, this audit process is comparable to that used in arriving at a certification to the

District of Columbia Board of Commissioners required by fuel and real estate tax computations. Thus, under existing law both the Washington Metropolitan Area Transit Commission and the District of Columbia Public Utilities Commission are required to make separate, yet duplicating audits. Enactment of this bill would eliminate such duplication and provide the Washington Metropolitan Area Transit Commission with authority to make certification of the net operating income of D.C. Transit System, Inc., on the basis of data acquired through its overall regulatory operations and functions.

Under terms of the interstate compact creating the Transit Commission, the District of Columbia, the State of Virginia, and the State of Maryland each have one member. The committee was informed that this compact provides that the District of Columbia member retains a veto authority over all matters relating solely to the District of Columbia. It is the committee's view that this net operating income certification would affect solely the District of Columbia, therefore requiring concurrence of the District of Columbia representative on the Transit Commission. The committee believes that enactment of this bill will in no way impair the continuing best interests of the District of Columbia, and for this reason the District will continue to be adequately considered and protected.

On September 12, 1963, public hearings were held on the bill by the Subcommittee on Fiscal Affairs, at which time the Board of Commissioners for the District of Columbia recommended enactment of the bill. Also, the Executive Director of the Washington Metropolitan Area Transit Commission appeared and supported enactment of the measure. The District of Columbia Public Utilities Commission opposed passage of this legislation.

The passage of this legislation will involve no additional expense to the District of Columbia government.

#### JUNIOR COLLEGE DIVISION WITHIN DISTRICT OF COLUMBIA TEACHERS COLLEGE

The Senate proceeded to consider the bill (S. 1406) to authorize the establishment of a Junior College Division within the District of Columbia Teachers College which had been reported from the Committee on District of Columbia, with amendments, on page 2, after line 2, to strike out:

SEC. 2. (a) The Board of Education of the District of Columbia, with the approval of the Commissioners of the District of Columbia, is authorized to establish and determine, from time to time, tuition rates for students at the District of Columbia Teachers College, including the Junior College Division thereof: *Provided*, That all moneys received for tuition payments shall be deposited in the Treasury to the credit of the general revenues of the District of Columbia.

At the beginning of line 12, to insert "Sec."; in the same line, after the amendment just above stated, to strike out "(b)" and insert "2"; on page 3, after line 5, to insert:

SEC. 4. (a) Section 2(c) of the District of Columbia Nonresident Tuition Act (Public Law 86-725) is amended by striking "section" and inserting in lieu thereof "Act".

(b) Section 7 of such Act is amended to read as follows:

"Sec. 7. Notwithstanding the provisions of section 2 of this Act, the Board of Education is authorized in its discretion to require the payment of tuition for attendance at the

District of Columbia Teachers College or the Junior College Division thereof by any student for whom tuitions is not, by such section 2, required to be paid. The said Board, with the approval of the Commissioners of the District of Columbia, shall from time to time establish and determine the rates of tuition to be charged pursuant to this section."

After line 18, to insert:

SEC. 5. This Act may be cited as the "District of Columbia Junior College Act".

And, at the beginning of line 21, to strike out "Sec. 4" and insert "Sec. 6"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Board of Education of the District of Columbia is hereby authorized to establish a Junior College Division within the District of Columbia Teachers College which shall offer (1) a two-year program leading to the degree of associate in arts, which degree is hereby authorized to be granted upon certification by the president and faculty of the District of Columbia Teachers College that all requirements for the granting of such degree have been met, and (2) technical and vocational courses at the college level, for which certificates of completion may be granted.*

SEC. 2. The Board of Education of the District of Columbia, with the approval of the Commissioners of the District of Columbia, is hereby authorized to establish and determine, from time to time, fees to be paid by students at the District of Columbia Teachers College, including the Junior College Division thereof, and receipts from such fees shall be deposited into a revolving fund to be known as "District of Columbia Teachers College student fund" in a private depository in the District of Columbia, which fund shall be available, without fiscal year limitation, for such purposes as the Board of Education of the District of Columbia shall approve, and the Board of Education is authorized, with the approval of the Board of Commissioners of the District of Columbia, to make all necessary rules concerning deposits into, and withdrawals from, such fund.

SEC. 3. The Board of Education of the District of Columbia is authorized to promulgate such rules and regulations as may be necessary to carry out the purposes of this Act.

SEC. 4. (a) Section 2(c) of the District of Columbia Nonresident Tuition Act (Public Law 86-725) is amended by striking "section" and inserting in lieu thereof "Act".

(b) Section 7 of such Act is amended to read as follows:

"Sec. 7. Notwithstanding the provisions of section 2 of this Act, the Board of Education is authorized in its discretion to require the payment of tuition for attendance at the District of Columbia Teachers College or the Junior College Division thereof by any student for whom tuition is not, by such section 2, required to be paid. The said Board, with the approval of the Commissioners of the District of Columbia, shall from time to time establish and determine the rates of tuition to be charged pursuant to this section."

SEC. 5. This Act may be cited as the "District of Columbia Junior College Act".

SEC. 6. This Act shall take effect the first day of July following its approval.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the re-

port (No. 656), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the *RECORD*, as follows:

The purpose of this bill is to authorize the Board of Education of the District of Columbia to establish a junior college division of the District of Columbia Teachers College, with a 2-year program of general preprofessional and terminal education by leading to the degree of associate in arts.

The purpose of the amendments is to make it clear that, in fixing tuition rates for students at the District of Columbia Teachers College, including the junior college division thereof, the District of Columbia is not precluded from fixing rates for residents different from rates for nonresidents, and to preserve the authority now in the District of Columbia Nonresident Tuition Act (Public Law 80-725).

The bill would also authorize the Board of Education of the District of Columbia to—

"(1) Set fees for students attending the District of Columbia Teachers College, including the junior college division, with the approval of the Board of Commissioners, which fees shall be deposited in a revolving fund, to be available without fiscal year limitation for expenditure for purposes authorized by the Board of Education;

"(2) Make all necessary rules covering the deposits and withdrawals from the revolving fund; and

"(3) Promulgate such rules and regulations as may be necessary to carry out the purposes of the bill."

The bill would preserve the authority contained in existing law to charge nonresident students tuition when they attend the public schools of the District.

The Commissioner's report on the bill indicates that the proposed junior college would use Teachers College faculty, administrative personnel, and physical facilities, and for the most part, the curriculum would serve the two groups of students jointly. It is estimated that the junior college division would serve approximately 175 to 200 District public school graduates who are capable of college level work but do not have the financial resources to obtain a college education; and serve approximately 200 to 250 high school graduates who are capable of some education at the college level.

The Commissioners also report that an additional appropriation of \$40,000 would probably be required for the first year, \$20,000 the second year, and \$40,000 the third year for additional teachers and other expenses. These costs are due entirely to anticipated increases in enrollment.

Similar bills passed the Senate in the 86th and 87th Congresses, but failed of enactment in the House of Representatives.

Hearings upon the bill were held October 8, 1963, at which time testimony was taken from the representatives of the Board of Commissioners, the Board of Education, the Superintendent of Schools, the acting dean of instruction, District of Columbia Teachers College, District of Columbia Congress of Parents and Teachers, District of Columbia Federation of Civic Associations, Local 6, American Federation of Teachers, and the District of Columbia Education Association, all of whom favored enactment of the measure.

The bill was introduced at the request of the Board of Commissioners.

#### AMENDMENT TO ACT RELATING TO DEVICES AND BEQUESTS BY WILL

The bill (H.R. 3190) to amend the act of March 3, 1901, relating to devises and bequests by will was considered, ordered

to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the *RECORD* an excerpt from the report (No. 657), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the *RECORD*, as follows:

The purpose of this bill is to amend existing law (act of March 3, 1901), relating to devises and bequests by will, so as to authorize a testator, by the terms of his will, to "pour over" or add properties passing under his will to existing inter vivos trusts or testamentary trusts.

The effect of the legislation will be to implement into statutory form the present common law of the District of Columbia, which it is believed already permits such transfers to be made.

The committee was informed, despite the lack of specific statutory authority, these so-called pour over-trusts are being established in the District of Columbia at the present time by testamentary devises and bequests. It appears that some attorneys in the probate field believe the common law in the District does permit such testamentary devises and bequests. Although this view is shared by some, there are others who are hesitant to use the "pour over" testamentary devise without a specific statute making provision for its use. The enactment of this bill will remove all doubt in the matter and permit the testator and persons acting in his behalf to act with certainty in establishing such trusts.

The "pour over" trust is a desirable procedure for the distribution of property as it provides for increased flexibility in making a devise or bequest. The proposed legislation, as in the case of much of the other testamentary law for the District, follows closely the Maryland statute of the subject. The similar Maryland provisions are to be found in article 93, section 350A and 350B of the Maryland Code adopted by L. 1959, chapter 612.

The Judiciary Subcommittee of the committee held public hearings on the bill on April 9, 1963, at which time representatives of the Board of Commissioners and the Bar Association of the District of Columbia appeared and expressed their support for enactment of the legislation. The Register of Wills for the District of Columbia has also indicated to the committee his approval of the bill. No objection to the bill was expressed at the hearings and no adverse comments have been received by the committee in connection therewith.

Similar legislation validating "pour over" trusts has already been adopted by 36 States, as follows:

Alabama	North Carolina
Arizona	North Dakota
Colorado	Ohio
Connecticut	Oklahoma
Delaware	Oregon
Florida	Pennsylvania
Idaho	Rhode Island
Illinois	South Carolina
Indiana	South Dakota
Maine	Tennessee
Maryland	Texas
Michigan	Utah
Minnesota	Vermont
Mississippi	Virginia
Montana	Washington
Nebraska	West Virginia
New Hampshire	Wisconsin
New Jersey	Wyoming

#### SECTION-BY-SECTION ANALYSIS OF THE BILL

The first section of the bill adds a new section to the act of March 3, 1901, as

amended, which new section will become section 1628a.

Paragraph (a) provides that a devise or bequest may be made by a testator to an inter vivos trust which is in existence at the time the testator executes his will. It further provides that the testator need not be the person who established the trust, the trust may be an unfunded life insurance trust (the corpus of which consists solely of the trustee being designated the beneficiary of certain life insurance policies on the life of the grantor of the trust), the trust may be subject to modification or termination at any time, and the trust need not be executed in the manner required by law for the execution of wills.

Subsection (1) of paragraph (a) provides further that, in the absence of contrary provisions in the will, the devise or bequest shall not be invalid even if the trust is amended after the will is executed, except that amendments occurring after the testator's death shall be ineffective as to the devise or bequest.

Subsection (2) of paragraph (a) provides that the property passing under the devise or bequest shall become part of the assets of the trust and shall not be held as a separate trust.

Subsection (3) of paragraph (a) provides that if the trust is revoked before the testator's death, the devise or bequest shall be invalid.

Subsection (4) of paragraph (a) provides that if the trust should terminate for some reason other than its revocation, the devise or bequest shall not be invalid. The effect of this provision is to permit the distribution of the property covered by the devise or bequest to the persons who were entitled to distribution of the trust corpus at its termination, in the event that the testator neglected to change his will after termination of the trust.

Paragraph (b) of section (1) provides that a devise or bequest may be made by a testator to a trust under the will of another person, if the other person dies before the testator's death and if the other person's will, which establishes a trust, is admitted to probate.

Subsection (1) of said paragraph (b) provides that, in the absence of contrary provisions in the testator's will, the property passing under the devise or bequest shall become part of the assets of the testamentary trust and shall not be held as a separate trust.

The concluding paragraph of section 1 provides that it shall apply to any devise or bequest made by testator living on the effective date of the act, or born thereafter, without regard to the date to the execution of his will or of an inter vivos trust, and provides further that the provisions of the proposed legislation shall not cast doubt upon the validity of the use of the "pour over" device by testators who died before the effective date of the proposed legislation or any devise or bequest which does not come within the legislative provisions.

Section 2 of the bill repeals inconsistent law.

Section 3 of the bill provides that the act shall become effective upon the date of its enactment.

#### HORIZONTAL PROPERTY REGIMES IN THE DISTRICT OF COLUMBIA

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to Calendar No. 638, H.R. 4276, and that the bill be laid before the Senate and made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 4276) to provide for the creation of horizontal property regimes in the District of Columbia.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on the District of Columbia with an amendment to strike out all after the enacting clause and insert:

That this Act, including the following table of contents, may be cited as the "Horizontal Property Act of the District of Columbia".

TABLE OF CONTENTS:

Sec. 1.	Short title.
Sec. 2.	Definitions.
Sec. 3.	Horizontal property regimes.
Sec. 4.	Status of condominium units within a horizontal property regime.
Sec. 5.	Joint tenancies, tenancies in common, tenancies by the entirety.
Sec. 6.	Ownership of condominium units, of common elements; declaration; voting; individual unit deeds.
Sec. 7.	Indivisibility of common elements; limitation upon partition.
Sec. 8.	Use of elements held in common, right to repair common elements.
Sec. 9.	Condominium subdivision.
Sec. 10.	Reference to plat.
Sec. 11.	Termination and waiver of regime.
Sec. 12.	Merger no bar to reconstitution.
Sec. 13.	Bylaws, availability for examination.
Sec. 14.	Necessary contents of bylaws; modification of system.
Sec. 15.	Books of receipts and expenditures; availability for examination.
Sec. 16.	Common profits, contributions for payment of common expenses of administration and maintenance.
Sec. 17.	Priority of liens.
Sec. 18.	Joint and several liability of purchaser and seller for amounts owing under section 16; purchaser's recovery, purchaser's or lender's right to a statement setting forth amount due.
Sec. 19.	Supplementary method of enforcement of lien.
Sec. 20.	Insuring building against risks; individual rights of co-owners.
Sec. 21.	Application of insurance proceeds to reconstruction; prorata distribution in certain cases; rules governing.
Sec. 22.	Sharing of reconstruction cost where building is not insured or insurance indemnity is insufficient.
Sec. 23.	Separate taxation.
Sec. 24.	Actions; right to separate release of judgment.
Sec. 25.	Mechanics' and materialmen's liens, enforcement thereof; removal from lien; effect of part payment.
Sec. 26.	Nonapplication of rule against perpetuities and of rule against unreasonable restraints on alienation to horizontal property regimes.
Sec. 27.	Supplement of existing code provisions.
Sec. 28.	Regulations of the Board of Commissioners and the zoning commission.
Sec. 29.	Interpretation.
Sec. 30.	Supplemental provisions relating to sewer and water services.
Sec. 31.	Authority of Board of Commissioners under Reorganization Plan Numbered 5 of 1952.
Sec. 32.	Severability.
Sec. 33.	Effective date.

SEC. 2. DEFINITIONS.—Unless it is plainly evident from the context that a different meaning is intended, as used herein—

(a) "Unit" or "condominium unit" means an enclosed space, consisting of one or more

rooms, occupying all or part of a floor in buildings of one or more floors or stories regardless of whether it be designed for residence, for office, for the operation of any industry or business, or for any other type of independent use, and shall include such accessory units as may be appended thereto, such as garage space, storage space, balcony, terrace or patio: *Provided*, That said unit has a direct exit to a thoroughfare or to a given common space leading to a thoroughfare.

(b) "Condominium" means the ownership of single units in a multiunit structure with common elements.

(c) "Condominium project" means a real estate condominium project; a plan or project whereby five or more apartments, rooms, office spaces, or other units in existing or proposed buildings or structures are offered or proposed to be offered for sale.

(d) "Co-owner" means a person, persons, corporation, trust, or other legal entity, or any combination thereof, that owns a condominium unit within the building.

(e) "Council of co-owners" means the co-owners as defined in subsection (d) of this section, acting as a group in accordance with the provisions of this Act and the bylaws and declaration established thereunder; and a majority, as defined in subsection (k) of this section, shall, except as otherwise provided in this Act, constitute a quorum for the adoption of decisions.

(f) "General common elements" except as otherwise provided in the plat of condominium subdivision, means and includes—

(1) the land on which the building stands in fee simple or leased provided that the leasehold interest of each unit is separable from the leasehold interests of the other units;

(2) the foundations, main walls, roofs, halls, columns, girders, beams, supports, corridors, fire escapes, lobbies, stairways, and entrance and exist or communication ways;

(3) the basements, flat roofs, yards and gardens except as otherwise provided or stipulated;

(4) the premises for lodging of janitors or persons in charge of the building, except as otherwise provided or stipulated;

(5) the compartments or installations of central services such as power, light, gas, cold and hot water, heating, central air conditioning or central refrigeration, swimming pools, reservoirs, water tanks and pumps, and the like;

(6) the elevators, garbage and trash incinerators and, in general, all devices or installations existing for common use; and

(7) all other elements of the building rationally of common use or necessary to its existence, upkeep, and safety.

(g) "Limited common elements" means and includes those common elements which are agreed upon by all the co-owners to be reserved for the use of a certain number of condominium units, such as special corridors, stairways, and elevators, sanitary services common to the apartments of a particular floor, and the like.

(h) "Majority of co-owners", "two-thirds of the co-owners", and "three-fourths of the co-owners" mean, respectively, 51, 66%, and 75 per centum or more of the votes of the co-owners computed in accordance with their percentage interests as established under section 6 of this Act.

(i) "Plat of condominium subdivision" means the plat of the surveyor of the District of Columbia establishing the condominium units, accessory units, general common elements, and limited common elements.

(j) "Person" means a natural individual, corporation, trustee, or other legal entity or any combination thereof.

(k) "Developer" means a person that undertakes to develop a real estate condominium project.

(l) "Property" means and includes the lands whether leasehold, if separable as defined in (f) (1) of this section, or in fee simple, the building, all improvements and structures thereon, and all easements, rights, and appurtenances thereunto belonging.

(m) "To record" means to record in accordance with the provisions of section 499 of the Act entitled "An Act to establish a code of law for the District of Columbia", approved March 3, 1901 (31 Stat. 1189, 1268).

(n) "Common expenses" means and includes—

(1) all sums lawfully assessed against the unit owners by the council of co-owners;

(2) expenses of administration, maintenance, repair, or replacement of the common areas and facilities, including repair and replacement funds as may be established;

(3) expenses agreed upon as common expenses by the council of co-owners;

(4) expenses declared common expenses by the provisions of this Act or by the bylaws.

(o) "Common profits" means the balance of all income, rents, profits, and revenues from the common areas and facilities remaining after deduction of the common expenses.

(p) All words used herein include the masculine, feminine, and neuter genders and include the singular or plural numbers, as the case may be.

SEC. 3. HORIZONTAL PROPERTY REGIMES.—Whenever the owners or the co-owners of any square or lot shall subdivide the same into a condominium project in conformity with section 9 of this Act with a plat of condominium subdivision there shall be established a horizontal property regime.

SEC. 4. STATUS OF CONDOMINIUM UNITS WITHIN A HORIZONTAL PROPERTY REGIME.—Once the property is subdivided into the horizontal property regime, a condominium unit in the building may be individually conveyed, leased, and encumbered and may be inherited or devised by will, as if it were sole and entirely independent of the other condominium units in the building of which it forms a part; the said separate units shall have the same incidents as real property and the corresponding individual titles and interests therein shall be recordable.

SEC. 5. JOINT TENANCIES, TENANCIES IN COMMON, TENANCIES BY THE ENTIRETY.—Any condominium unit may be held and owned by more than one person as joint tenants, as tenants in common, as tenants by the entirety (in the case of husband and wife), or in any other real property tenancy relationship recognized under the laws of the District of Columbia.

SEC. 6. OWNERSHIP OF CONDOMINIUM UNITS, OF COMMON ELEMENTS; DECLARATION; VOTING; INDIVIDUAL UNIT DEEDS.—(a) A condominium unit owner shall have the exclusive fee simple ownership of his unit and shall have a common right to a share, with the other co-owners, of an undivided fee simple interest in the common elements of the property, equivalent to the percentage representing the value of the unit to the value of the whole property.

(b) Said percentage interest shall not be separated from the unit to which it appertains.

(c) The individual percentages shall be established at the time the horizontal property regime is constituted by the recording among the land records of the District of Columbia, of a declaration setting forth said percentages, shall have a permanent character, and shall not be changed without the acquiescence of the co-owners representing all the condominium units in the building, which said change shall be evidenced by an appropriate amendatory declaration to such effect recorded among the land records of the District of Columbia. Said share interest shall be set forth of record, in the initial individual condominium unit deeds. Said share interests in the common ele-

ments shall, nevertheless, be subject to mutual rights of ingress, egress, and regress of use and enjoyment of the other co-owners and a right of entry to officers, agents, and employees of the Government of the United States and the government of the District of Columbia acting in the performance of their official duties.

(d) The said basic value of said undivided common interest shall be fixed for the purposes of this Act and shall not fix the market value of the individual condominium units and undivided share interests and shall not prevent each co-owner from fixing a different circumstantial value to his condominium unit and undivided share interest in the common elements, in all types of acts and contracts.

(e) In addition to the foregoing provisions, the declaration may contain other provisions and attachments relating to the condominium and to the units which are not inconsistent with this Act.

(f) Voting at all meetings of the co-owners shall be on a percentage basis, and the percentage of the vote to which each co-owner is entitled shall be the individual percentage assigned to his unit in the declaration.

(g) Individual condominium unit deeds may make reference to this Act, the condominium subdivision and land subdivision plats referred to in section 10 hereof, the declaration provided for in this section, the bylaws of the council of co-owners, and the deeds may include any further details which the grantor and grantee may deem desirable to set forth consistent with the declaration and this Act.

**SEC. 7. INDIVISIBILITY OF COMMON ELEMENTS; LIMITATION UPON PARTITION.**—(a) The common elements, both general and limited, shall remain undivided. No unit owner, or any other person, shall bring any action for partition or division of the co-ownership permitted under section 93 and related provisions of the Act of March 3, 1901 (31 Stat. 1203), as amended by the Act of June 30, 1902 (32 Stat. 523, ch. 1329), against any other owner or owners of any interest or interests in the same horizontal property regime so as to terminate the regime.

(b) Nothing contained in this section shall be construed as a limitation on partition by the owners of one or more units in a regime as to the individual ownership of such unit or units without terminating the regime or as to the ownership of property outside the regime: *Provided*, That upon partition of any such individual unit the same shall be sold as an entity and shall not be partitioned in kind.

**SEC. 8. USE OF ELEMENTS HELD IN COMMON, RIGHT TO REPAIR COMMON ELEMENTS.**—(a) Each co-owner may use the elements held in common in accordance with the purposes for which they are intended, without hindering or encroaching upon the lawful rights of the other co-owners.

(b) The manager, board of directors or of administration, as the case may be, shall have an irrevocable right and an easement to enter units to make repairs to common elements or when repairs reasonably appear to be necessary for public safety or to prevent damage to property other than the unit.

**SEC. 9. CONDOMINIUM SUBDIVISION.**—(a) Whenever the owner or the co-owners of any square or lot duly subdivided in conformity with section 1581 of the Act of March 3, 1901 (31 Stat. 1425), or other applicable laws of the District of Columbia, shall deem it necessary to subdivide the same into a condominium project of convenient condominium units for sale and occupancy and means of access for their accommodation, he may cause a plat or plats to be made by the surveyor of the District of Columbia, on which said plats, together, shall be expressed—

(1) the ground dimensions as set forth under such section 1581 and the exterior lengths of all lines of the building;

(2) for each floor of the condominium subdivision, the number or letter, dimensions, and lengths of finished interior surfaces of unit dividing walls of the individual condominium units; the elevations (or average elevation, in case of slight variance) from a fixed known point, of finished floors and of finished ceilings of such condominium units situate upon the same floor, and further expressing the area, the relationship of each unit to the other upon the same floor and their relationship to the common elements upon said floor;

(3) the dimensions and lengths of the interior finished surface of walls, elevations, from said same fixed known point, of the finished floors and of the finished ceilings of the general common elements of the building, and, in proper case, of the limited common elements restricted to a given number of condominium units, expressing which are those units;

(4) any other data necessary for the identification of the individual condominium units and the general and limited common elements.

(b) And said owners or co-owners may certify such condominium subdivisions under their hands and seals in the presence of two credible witnesses, upon the same plat or on a paper or a parchment attached thereto. And the same shall thereupon be put up, labeled, indexed, and preserved for record and deposit with the office of the surveyor for the District of Columbia in like manner as land subdivisions have been heretofore recorded or in such other books as the said surveyor may prescribe.

**SEC. 10. REFERENCE TO PLAT.**—When a plat of a condominium project and subdivision shall be so certified, examined, and received, the purchaser of any condominium unit thereof or any person interested therein, may refer to the plat and record for description in the same manner as to squares and lots divided between the Commissioners and the original proprietors and in the same manner as has been heretofore the practice for land subdivisions: *Provided*, That said purchaser or other person interested therein shall also make reference to the plat of land subdivision appearing prior to the establishment of the condominium subdivision thereupon. Any such conveyance of an individual condominium unit shall be deemed to also convey the undivided interest of the owner in the common elements, both general and limited, and of any accessory units, if any, appertaining to said condominium unit without specifically or particularly referring to the same.

**SEC. 11. TERMINATION AND WAIVER OF REGIME.**—(a) All the co-owners or the sole owner of a building constituted into a horizontal property regime may terminate and waive this regime and regroup or merge the individual and several condominium units with the principal property; such termination and waiver shall be by certification to such effect upon the plat of condominium subdivision establishing the particular horizontal property regime under the hands and seals of the said sole owner or co-owners, in the presence of two credible witnesses, upon the same plat or upon a paper or parchment attached thereto: *Provided*, That the said individual condominium units are unencumbered, or if encumbered, that the creditors in whose behalf the encumbrances are recorded agree to accept as security the undivided interest in the property of the debtor co-owner and said creditors or trustees under duly recorded deeds of trust, shall signify their assent to such termination and waiver upon the aforesaid plat, paper, or parchment: *Provided further*, That should the buildings or other improvements in a condominium project be more than two-thirds destroyed by fire or other disaster, the co-owners of three-fourths of the condominium project may waive and terminate

the horizontal property regime and may certify to such termination and waiver: *Provided further*, That if within ninety days of the date of such damage or destruction:

(1) the council of co-owners does not determine to repair, reconstruct or rebuild as provided in sections 21 and 22 of this Act, or

(2) the insurance indemnity is delivered pro rata to the co-owners in conformity with the provisions of section 21 of this Act and if the co-owners do not terminate and waive the regime in conformity with this section of this Act, then any unit owner or any other person aggrieved thereby may file a petition in the United States District Court for the District of Columbia, setting forth under oath such facts as may be necessary to entitle the petitioner to the relief prayed and praying judicial termination of the horizontal property regime. Said petition may be served as provided in section 14(g) of this Act. The court may thereupon lay a rule upon the council of co-owners, unless they shall voluntarily appear and admit the allegations of the petition, to show cause, under oath, on or before the tenth day, exclusive of Sundays and legal holidays, after service of such rule, why the prayers of said petition should not be granted. If no cause be shown against the prayer of the petition by the council of co-owners, or by any one of the co-owners, the court may determine in a summary way whether the facts warrant termination and thereupon the court may decree the particular horizontal property regime terminated.

(b) In the event a horizontal property regime is terminated or waived, the property shall be deemed to be owned in common by the co-owners, and the undivided interest in the property owned in common which shall appertain to each co-owner shall be the percentage of undivided interest previously owned by such co-owner in the common elements in the property as set forth in the declaration under section 6 hereof.

(c) Upon such termination and waiver the provisions of section 10 of this Act shall no longer be applicable and reference to the principal property thereupon, shall be to the plat and record of the prior land subdivision and thereupon the restraint against partition or division of the co-ownership imposed by section 7 of this Act shall no longer apply. In the event of such partition suit the net proceeds shall be divided among all the unit owners, in proportion to their respective undivided ownership of the common elements, after first paying off, out of the respective shares of the unit owners, all liens on the unit of each unit owner. To be valid such termination shall be recorded among the land records of the District of Columbia.

**SEC. 12. MERGER NO BAR TO RECONSTITUTION.**—The merger provided for in the preceding section shall in no way bar the subsequent constitution of the property into another horizontal property regime whenever so desired and upon observance of the provisions of this Act.

**SEC. 13. BYLAWS, AVAILABILITY FOR EXAMINATION.**—(a) The administration of every building constituted into a horizontal property regime shall be governed by the bylaws as the council of co-owners may from time to time adopt, which said bylaws together with the declaration, including recorded attachments thereto, referred to in section 6 of this Act shall be available for examination by all the co-owners, their duly authorized attorneys or agents, at convenient hours on working days that shall be set and announced for general knowledge.

(b) A true copy of said bylaws shall be annexed to the declaration referred to in section 6 of this Act and made a part thereof. No modification of or amendment to the bylaws shall be valid unless set forth in an amendment to the declaration and such amendment is duly recorded.

(c) Each unit owner shall comply strictly with the bylaws and with the administrative rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time. Failure to comply with any of the same shall be ground for an action to recover sums due, for damages or injunctive relief, or both, maintainable by the manager, the administrator, board of directors or of administration, or as specified in the bylaws or in proper case, by an aggrieved unit owner.

**SEC. 14. NECESSARY CONTENTS OF BYLAWS; MODIFICATION OF SYSTEM.**—(a) The bylaws must necessarily provide for at least the following:

(1) Form of administration, indicating whether this shall be in charge of an administrator, manager, or of a board of directors, or of administration, or otherwise, and specifying the powers, manner of removal, and, where proper, the compensation thereof.

(2) Method of calling or summoning the co-owners to assemble; that a majority of co-owners is required to adopt decisions, except as otherwise provided in this Act; who is to preside over the meeting and who will keep the minute book wherein the resolutions shall be recorded.

(3) Care, upkeep, and surveillance of the building and its general or limited common elements and services.

(4) Manner of collecting from the co-owners for the payment of common expenses.

(5) Designation, hiring, and dismissal of the personnel necessary for the good working order of the building and for the proper care of the general or limited common elements and to provide services for the building.

(6) Such restrictions on or requirements respecting the use and maintenance of the units and the use of the common elements as are designed to prevent unreasonable interference with the use of the respective units and of the common elements by the several unit owners.

(7) Designation of person authorized to accept service of process in any action relating to two or more units or to the common elements as authorized under section 24 of this Act. Such person must be a resident of and maintain an office in the District of Columbia.

(8) Notice as to the existence or non-existence of a declaration in trust for the enforcement of the lien for common expenses permitted under section 19 of this Act.

(b) The sole owner of the building, or if there be more than one, the co-owners representing two-thirds of the votes provided for in section 6 of this Act may at any time modify the system of administration, but each one of the particulars set forth in this section shall always be embodied in the bylaws.

**SEC. 15. BOOKS OF RECEIPTS AND EXPENDITURES; AVAILABILITY FOR EXAMINATION.**—The manager, administrator, or the board of directors, or of administration, or other form of administration specified in the bylaws, shall keep books with detailed accounts in chronological order, of the receipts and of the expenditures affecting the building and its administration and specifying the maintenance and repair expenses of the common elements and any other expenses incurred. Both said books and the vouchers accrediting the entries made thereupon shall be available for examination by the co-owners, their duly authorized agents or attorneys, at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good accounting practice and shall be audited at least once a year by an auditor outside the organization.

**SEC. 16. COMMON PROFITS, CONTRIBUTIONS FOR PAYMENT OF COMMON EXPENSES OF ADMINISTRATION AND MAINTENANCE.**—(a) The common profits of the property shall be dis-

tributed among and the common expenses shall be charged to the unit owners according to the percentages established by section 6 of this Act: *Provided*, That for purposes of the application of the District of Columbia Income and Franchise Tax Act of 1947 (61 Stat. 331), as amended, the council of co-owners shall, in accordance with the provisions of said Act, be regarded as constituting an unincorporated business and shall file returns and pay taxes upon the taxable income derived from the common areas without regard to the "common profits" as defined in this Act.

(b) All co-owners are bound to contribute in accordance with the said percentages toward the expenses of administration and of maintenance and repairs of the general common elements, and, in proper case, of the limited common elements of the building and toward any other expenses lawfully agreed upon by the council of co-owners.

(c) No owner shall be exempt from contributing toward such common expenses by waiver of the use or enjoyment of the common elements both general and limited, or by the abandonment of the condominium unit belong to him.

(d) Said contribution may be determined, levied, and assessed as a lien on the first day of each calendar or fiscal year, and may become and be due and payable in such installments as the bylaws may provide, and said bylaws may further provide that upon default in the payment of any one or more of such installments, the balance of said lien may be accelerated at the option of the manager, board of directors, or of management and be declared due and payable in full.

**SEC. 17. PRIORITY OF LIENS.**—The lien determined, levied and assessed in accordance with section 16 of this Act shall have preference over any other assessments, liens, judgments, or charges of whatever nature, except the following:

(a) Real estate taxes, other taxes arising out of or resulting from the ownership, use, or operation of the common areas, special assessments, including, but not limited to, special assessments for sewer mains, water mains, curbs, gutters, sidewalks, alleys, paving of streets, roads and avenues, removal or abatement of nuisances, and special assessments levied in connection with condemnation proceedings instituted by the District of Columbia, and water charges and sanitary sewer service charges levied on the condominium unit, and judgments, liens, preferences, and priorities for any tax assessed against a co-owner by the United States or the District of Columbia or due from or payable by a co-owner to the United States or the District of Columbia, and judgments, liens, preferences, and priorities in favor of the District of Columbia for assessments or charges referred to in this subparagraph.

(b) The liens of any deed of trust, mortgage instruments, or encumbrances duly recorded on the condominium unit prior to the assessment of the lien thereon or duly recorded on said unit after receipt of a written statement from the manager, board of directors, or of management reflecting that payments on said lien were current as of the date of recordation of said deed of trust, mortgage instrument, or encumbrance.

Upon a voluntary sale or conveyance of a condominium unit all unpaid assessments against a grantor co-owner for his pro rata share of the expenses to which section 16 of this Act refers shall first be paid out of the sales price or by the grantee in the order of preference set forth above. Upon an involuntary sale through foreclosure of a deed of trust, mortgage, or encumbrance having preference as set forth in subparagraph (b) of this section a purchaser thereunder shall not be liable for any installments of such lien as became due prior to his acquisition

of title. Such arrears shall be deemed common expenses, collectible from all co-owners, including such purchaser.

**SEC. 18. JOINT AND SEVERAL LIABILITY OF PURCHASER AND SELLER FOR AMOUNTS OWING UNDER SECTION 16; PURCHASER'S RECOVERY, PURCHASER'S OR LENDER'S RIGHT TO A STATEMENT SETTING FORTH AMOUNT DUE.**—The purchaser of a condominium unit in a voluntary sale shall be jointly and severally liable with the seller for the amounts owing by the latter under section 16 of this Act upon his interest in the condominium unit up to the time of conveyance; without prejudice to the purchaser's right to recover from the other party the amounts paid by him as such joint debtor: *Provided*, That any such purchaser, or a lender under a deed of trust, mortgage, or encumbrance, or parties designated by them, shall be entitled to a statement from the manager, board of directors, or of administration, as the case may be, setting forth the amount of unpaid assessments against the seller or borrower, and the units conveyed or encumbered shall not be subject to a lien for any unpaid assessment in excess of the amount set forth.

**SEC. 19. SUPPLEMENTARY METHOD OF ENFORCEMENT OF LIEN.**—(a) In addition to proceedings available at law or equity for the enforcement of the lien established by section 16 of this Act, all the owners of property constituted into a horizontal property regime may execute bonds conditioned upon the faithful performance and payment of the installments of the lien permitted by section 16 of this Act and may secure the payment of such obligations by a declaration in trust recorded among the land records of the District of Columbia, granting unto a trustee or trustees appropriate powers to the end that upon default in the performance of such bond, said declaration in trust may be foreclosed by said trustee or trustees, acting at the direction of the manager, board of directors, or of management, as is proper practice in the District of Columbia in foreclosing a deed of trust.

(b) And the bylaws may require in the event such bonds have been executed and such declaration in trust is recorded that any subsequent purchaser of a condominium unit in said horizontal property regime shall take title subject thereto and shall assume such obligations: *Provided*, That the said lien, bond, and declaration in trust shall be subordinate to and a junior lien to liens for real estate taxes and other taxes arising out of or resulting from the ownership, use, or operation of the common areas, liens for special assessments, including, but not limited to, special assessments for sewer mains, water mains, curbs, gutters, sidewalks, alleys, paving of streets, roads and avenues, removal or abatement of nuisances, and special assessments levied in connection with condemnation proceedings instituted by the District of Columbia, and liens for water charges and sanitary sewer service charges levied on the condominium unit, and to judgments, liens, preferences, and priorities for any tax assessed against a co-owner by the United States or the District of Columbia or due from or payable by a co-owner to the United States or the District of Columbia, and to judgments, liens, preferences, and priorities in favor of the District of Columbia for assessments or charges referred to in this section then or thereafter accruing against the unit and to the lien of any duly recorded deeds of trust, mortgages, or encumbrances previously placed upon the unit and said lien, bond, and declaration in trust shall be and become subordinate to any subsequently recorded deeds of trust, mortgages, or encumbrances: *Provided*, That the lender thereunder shall first obtain from the manager, board of directors, or of administration a written statement as provided in section 18 of this Act reflecting that payments due under this lien are current as of the

date of recordation of such subsequent deed of trust, mortgage, or encumbrance.

**SEC. 20. INSURING BUILDING AGAINST RISKS; INDIVIDUAL RIGHTS OF CO-OWNERS.**—The manager or the board of directors, if required by the bylaws or by a majority of the co-owners, or at the request of a mortgagee having a first mortgage of record covering a unit, shall have the authority to, and shall, obtain insurance for the property against loss or damage by fire and such other hazards under such terms and for such amounts as shall be required or requested. Such insurance coverage shall be written on the property in the name of such manager or of the board of directors of the council of co-owners, as trustee for each of the unit owners in the percentages established in the declaration. Premiums shall be common expenses. Provision for such insurance shall be without prejudice to the right of each unit owner to insure his own unit for his benefit.

**SEC. 21. APPLICATION OF INSURANCE PROCEEDS TO RECONSTRUCTION; PRO RATA DISTRIBUTION IN CERTAIN CASES; RULES GOVERNING.**—(a) In case of fire or other disaster the insurance indemnity shall, except as provided in the next succeeding paragraph of this section, be applied to reconstruct the building.

(b) Reconstruction shall not be compulsory where destruction comprises the whole or more than two-thirds of the buildings and other improvements in a condominium project. In such cases, and unless otherwise unanimously agreed upon by the co-owners, the indemnity shall be delivered pro rata to the co-owners entitled to it in accordance with provisions made by the bylaws or in accordance with a decision of three-fourths of the co-owners, if there be no by-law provision, after first paying off, out of the respective shares of the unit owners, to the extent sufficient for the purpose, all liens on the unit of each co-owner. Should it be proper to proceed with the reconstruction, the provision for such eventuality made in the bylaws shall be observed, or in lieu thereof, the decision of the council of co-owners shall prevail, subject to all provisions of law and regulations of the District of Columbia then in effect.

**SEC. 22. SHARING OF RECONSTRUCTION COST WHERE BUILDING IS NOT INSURED OR INSURANCE INDEMNITY IS INSUFFICIENT.**—Where the building is not insured or where the insurance indemnity is insufficient to cover the cost of reconstruction the new building costs shall be paid by all the co-owners in the same proportion as their proportionate ownership of the common elements of the condominium project, and if any one or more of those composing the minority shall refuse to make such payments, the majority may proceed with the reconstruction at the expense of all the co-owners and the share of the resulting common expense may be assessed against all the co-owners and such assessment for this expense shall have the same priority as provided under section 17 of this Act.

**SEC. 23. SEPARATE TAXATION.**—(a) For the purposes of assessment and taxation of property constituted into a horizontal property regime and to conform to the system of numbering squares, lots, blocks, and parcels for taxation purposes in effect in the District of Columbia, each condominium unit duly situate upon a subdivided lot and square shall bear a number or letter that will distinguish it from every other condominium unit situate in said lot and square.

(b) Each of said condominium units shall be carried on the records of the District of Columbia as a separate and distinct entity and all real estate taxes, other taxes arising out of or resulting from the ownership, use, or operation of the common areas, special assessments, including, but not limited to, special assessments for sewer mains, water mains, curbs, gutters, sidewalks, alleys, pav-

ing of streets, roads, and avenues, removal or abatement of nuisances, and special assessments levied in connection with condemnation proceedings instituted by the District of Columbia, shall be assessed, levied, and collected against each of said several separate and distinct units in conformity with the percentages of co-ownership established by section 6 of this Act, and in accordance with the provisions of law in effect in the District of Columbia relating to assessment, levying, and collection of real property taxes.

(c) The council of co-owners shall be liable for the filing of returns and payment of the tax on personal property located in the common areas and held for use or used in a trade or business or held for sale or rent.

(d) The title to an individual condominium unit shall not be divested or in anywise affected by the forfeiture or sale of any or all of the other condominium units for delinquent real estate taxes, other taxes arising out of or resulting from the ownership, use, or operation of the common areas, special assessments, including, but not limited to, special assessments for sewer mains, water mains, curbs, gutters, sidewalks, alleys, paving of streets, roads and avenues, removal or abatement of nuisances, special assessments levied in connection with condemnation proceedings instituted by the District of Columbia, or water charges and sanitary sewer service charges: *Provided*, That the real estate taxes, the duly levied share of such other taxes and of such special assessments, and the water and sanitary sewer service charges on or against said individual condominium unit are currently paid.

**SEC. 24. ACTIONS; RIGHT TO SEPARATE RELEASE OF JUDGMENT.**—(a) Without limiting the right of any co-owner, actions may be brought on behalf of two or more of the unit owners, as their respective interests may appear, by the manager, or board of directors, or of administration with respect to any cause of action relating to the common elements or more than one unit.

(b) Service of process on two or more unit owners in any action relating to the common elements may be made on the person designated in the bylaws in conformity with section 14(g) of this Act.

(c) In the event of entry of a final judgment as a lien against two or more unit owners, the unit owners of the separate units may remove their unit and their percentage interest in the common elements from the lien thereof by payment of the fractional proportional amounts attributable to each of the units affected. Said individual payment shall be computed by reference to the percentage established pursuant to section 6 of this Act. After such partial payment, partial discharge, or release or other satisfaction, the unit and its percentage interest in the common elements shall thereafter be free and clear of the lien of such judgment.

(d) Such partial payment, satisfaction, or discharge shall not prevent such a judgment creditor from proceeding to enforce his rights against any unit and its percentage interest in the common elements not so paid, satisfied, or discharged.

**SEC. 25. MECHANICS' AND MATERIALMEN'S LIENS, ENFORCEMENT THEREOF; REMOVAL FROM LIEN; EFFECT OF PART PAYMENT.** (a) Subsequent to establishment of a horizontal property regime as provided in this Act, and while the property remains subject to this Act, no lien shall thereafter arise or be effective against the property. During such period liens or encumbrances shall arise or be created and enforced only against each unit and the percentage of undivided interest in the common areas and facilities appurtenant to such unit in the same manner and under the same conditions in every respect as liens or encumbrances may arise or be created upon or against any other separate parcel or real property subject to individual ownership: *Provided*, That no

labor performed or materials furnished with the consent or at the request of a unit owner or his agent or his contractor or subcontractor, shall be the basis for the filing of a lien pursuant to the provisions of section 1237 of the Act of March 3, 1901 (31 Stat. 1384), against the unit or any other property of any other unit owner not expressly consenting to or requesting the same, except that such express consent shall be deemed to be given by the owner of any unit in the case of emergency repairs thereto. Labor performed or materials furnished for the common areas and facilities, if duly authorized by the council of co-owners, the manager, or board of directors in accordance with this Act, the declaration or bylaws, shall be deemed to be performed or furnished with the express consent of each unit owner and shall be the basis for the filing of a lien pursuant to the provisions of section 1237 of the Act of March 3, 1901 (31 Stat. 1384), against each of the units and shall be subject to the provisions of subparagraph (b) hereunder. Notice of said lien may be served on the person designated in conformity with section 14(g) of this Act.

(b) In the event of filing of a lien against two or more units and their respective percentage interest in the common elements, the unit owners of the separate units may remove their unit and their percentage interest in the common elements appurtenant thereto from the said lien by payment, or may file a written undertaking with surety approved by the court as provided in section 1254 of the Act of March 3, 1901 (31 Stat. 1387), of the fractional or proportional amounts attributable to each of the units affected. Said individual payment, or amount of bond, shall be computed by reference to the percentage established pursuant to section 6 of this Act. After such partial payment, filing of bond, partial discharge, or release, or other satisfaction, the unit and its percentage interest in the common elements shall thereafter be free and clear of such lien. Such partial payment, indemnity, satisfaction, or discharge shall not prevent the lienor from proceeding to enforce his rights against any unit and its percentage interest in the common elements not so paid, indemnified, satisfied, or discharged.

**SEC. 26. NONAPPLICATION OF RULE AGAINST PERPETUITIES AND OF RULE AGAINST UNREASONABLE RESTRAINTS ON ALIENATION TO HORIZONTAL PROPERTY REGIMES.**—The rule of property known as the rule against perpetuities, and the rule of property known as the rule restricting unreasonable restraints on alienation, sections 1023 and 1025 of the Act entitled "An Act to establish a code of laws for the District of Columbia", approved March 3, 1901 (31 Stat. 1351, ch. 854), shall not be applied to defeat any of the provisions of this Act, or of any declaration, bylaws, or other document executed in accordance with this Act as to the condominium project. This exemption shall not apply to estates in the individual condominium units.

**SEC. 27. SUPPLEMENT OF EXISTING CODE PROVISIONS.**—The provisions of this Act shall be in addition to and supplemental to all other provisions of law of the District of Columbia and wheresoever there appears in the provisions the words "square", "lot", "land", "ground", "parcel", "property", "block", or other designation denoting a unit of land, where appropriate to implement this Act, after such descriptive terms, there shall be deemed inserted reference to a condominium unit, condominium subdivision, or horizontal property regime, whichever shall be appropriate to effect the ends and purposes of this Act: *Provided*, That wherever the application of the provisions of this Act conflict with the application of such other provisions, the provisions of law generally applicable to buildings in like use in the District of Columbia shall prevail.

SEC. 28. REGULATIONS OF THE BOARD OF COMMISSIONERS AND THE ZONING COMMISSION.—In order to bring horizontal property regimes into compliance with the laws and regulations in effect in the District of Columbia, the Board of Commissioners of the District of Columbia and the Zoning Commission of the District of Columbia are each hereby authorized to adopt and enforce such regulations as either deems proper, within its respective general authority.

SEC. 29. INTERPRETATION.—(a) This Act shall be interpreted in such a manner as to require each condominium unit and each horizontal property regime to be in compliance with all District of Columbia laws and regulations relating to property of like type, whether it be designed for residence, for office, for the operation of any industry or business, or for any other use. The owner of each condominium unit shall be responsible for the compliance of his unit with such laws and regulations, and the council of co-owners and any person designated by them to manage the regime shall be jointly and severally liable for compliance with all such laws and regulations in all matters relating to the common elements of the regime.

(b) Notwithstanding any provision of this Act, the owner of each condominium unit shall have the same responsibility for the payment of all taxes, assessments, and other charges due to the District of Columbia as does any other person or property owner similarly situated.

(c) Notwithstanding any provision of this Act, the method of enforcement available to the District of Columbia to collect any tax or assessment or any charge from any individual property owner or any building owner shall be available to collect taxes, assessments, and charges from individual condominium unit owners and from the council of co-owners.

(d) Nothing contained in this Act shall in any way be construed as affecting the right to institute and maintain eminent domain proceedings.

SEC. 30. SUPPLEMENTAL PROVISIONS RELATING TO SEWER AND WATER SERVICES.—(a) Notwithstanding any provision of this Act, the developer or co-owners of any horizontal property regime shall have the right to have installed for each and every individual unit a separately metered water service. Such installations shall be subject to all laws and regulations then or thereafter in effect in the District of Columbia. Upon the establishment of such separate water services each unit owner and his successor in title and persons occupying such units shall be responsible for the payment to the District of Columbia of all water and sewer charges rendered and the Commissioners of the District of Columbia are authorized to enforce any and all of the remedies for collection of such charges as are authorized by law.

(b) A common water service is hereby expressly authorized for any horizontal property regime and in the event that a horizontal property regime is provided with a common water service the charges for sewer and water service shall be billed to the person designated by the co-owners, pursuant to the bylaws, to manage the regime. In the event that the entire sewer and water charges are not paid within the time specified by law for the payment of sewer and water charges, the Commissioners shall be authorized to enforce payment in any manner authorized by law, including, but not limited to, the assessment of an additional charge for late payment, the shutting off of water to the regime and the enforcement of the liens for nonpayment of such charges against the individual units in conformity with the percentage of co-ownership established by section 6 of this Act.

SEC. 31. AUTHORITY OF BOARD OF COMMISSIONERS UNDER REORGANIZATION PLAN NUMBERED 5 OF 1952.—Nothing in this Act or in

any amendments made by this Act shall be construed so as to affect the authority vested in the Board of Commissioners of the District of Columbia by Reorganization Plan Numbered 5 of 1952 (66 Stat. 824). The performance of any function vested by this Act in the Board of Commissioners or in any office or agency under the jurisdiction and control of said Board of Commissioners may be delegated by said Board of Commissioners in accordance with section 3 of such plan.

SEC. 32. SEVERABILITY.—If any provision of this Act, or any section, sentence, clause, phrase, or word or the application thereof, in any circumstances is held invalid, the validity of the remainder of this Act, and of the application of any such provision, section, sentence, clause, phrase, or word in any other circumstances shall not be affected thereby and to this end, the provisions of this Act are declared severable.

SEC. 33. EFFECTIVE DATE.—This Act shall take effect one hundred and twenty days after its enactment.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 658), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of this bill is to establish within the District of Columbia a new estate in property, known as condominium, which is defined in the bill as "the ownership of single units in a multiunit structure with common elements."

The purpose of the committee amendment, which is in the nature of substitute language, is to encompass essentially the language of H.R. 4276 as passed by the House, but with the addition of certain technical amendments as well as other revisions. It was felt that these changes were necessary to clarify the obligations of condominium owners with respect to enforcement of laws and regulations of the District of Columbia relating to property, and to adequately safeguard the District government in its enforcement of judgments against the individual unit owners. The revised bill, incorporating the recommended amendments, was agreed to by the District government and representatives of the Washington Board of Realtors, and the District of Columbia Bar Association.

The bill provides for fee simple ownership of a unit in a multiunit structure which may be designed for residence, office, the operation of any industry or business, or other type of use, with its accessory units, all of which is known as the horizontal property regime or condominium projects. In addition to possessing a fee simple ownership of a unit in a multiunit structure, the owner would also have an undivided interest in the public portions of the building, which includes the corridors, stairways, basements, roofs, heating and air-conditioning plants, and all other elements of common use.

Under the bill, persons would be enabled not only to purchase and convey, but to lease and encumber units in a building in the same manner as other real property, and purchasers would be entitled to deeds conveying said units to them along with an undivided share in the common elements of the structure.

The bill provides for the creation of condominium projects which consist of five or more apartments, rooms, office spaces, or other units in existing or proposed buildings, so that they may be offered for sale. Units thereof may consist of one or more floors, regardless of whether the building is designed for residency, office, industry, or business, or any other type of use.

The maintenance of the common elements of the building in a horizontal property regime would be vested in a council of the co-owners, a majority of which would be empowered to make assessments on each unit owner for this purpose.

The bill provides that a plot of the subdivision setting out the units of the regime shall be deposited in the office of the surveyor of the District of Columbia in order to create the condominium project.

The authority of this bill is essential to provide for separate real estate taxation of the individual units and to permit the creation of horizontal subdivision plats. While these primary purposes are being accomplished, the bill also contains detailed authority for the creation of a quasi-corporation to manage the building; to restrain partition; to provide means to levy, collect, and enforce the lien for common expenses; to provide for separate release of the individual units from the liens of judgments or mechanics' liens, all to the end that the ownership of an individual unit will be as similar as possible to the incidents of ownership of an individual home, or business property.

Public hearings were held on the bill on September 25, 1963, by the Subcommittee on the Judiciary. At these hearings the Board of Commissioners, the District of Columbia Bar Association, the Washington Board of Realtors, and the Metropolitan Washington Board of Trade endorsed enactment of the bill. In addition, letters and other supporting documents favoring passage of the bill were received from the Administrator of the Housing and Home Finance Agency, the Lawyer's Title Insurance Corp., and the Federation of Citizens Associations.

Testimony at the hearing established that condominium has a flexibility which permits individual financing, and an individual purchaser can either pay cash for his unit, obtain a conventional loan, or an FHA-insured loan, and he will have freedom in repaying the loan or in making whatever financial arrangements he desires.

Condominium ownership has advantages over cooperative projects which impose restrictions on resale, whereas there is no such restriction on the resale of a condominium unit. Cooperative projects usually require a downpayment of at least one-third of the cost, whereas under FHA and other financing the downpayment is much less. Cooperatives involve a stock or membership transaction, whereas condominium involves a real estate transaction, and the member of the condominium, when transferring ownership, has freedom in setting the selling price, etc.

The concept of ownership of real estate by condominium was recognized as early as the Code Napoleon of 1812. Legislation similar to the reported bill has been approved in the following jurisdictions: Alaska, Arkansas, Arizona, Georgia, Hawaii, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Oklahoma, South Carolina, Tennessee, Utah, Virginia, Washington, West Virginia, and the Commonwealth of Puerto Rico. Such legislation is also pending in 22 other States.

The committee is of the view that this legislation will enable the District of Columbia to keep abreast of the surrounding jurisdictions in this recent development in property ownership.

Enactment of this bill will involve no additional expense to the District of Columbia government.

#### TRIBUTE TO RADIO, TELEVISION, AND THE PRESS

Mr. MAGNUSON. Mr. President, since the advent of broadcasting, particularly television, history and world events have been brought directly to the home of the American public. Never was it done with such dedication, devo-

tion and detail as during the trying four days following the tragedy of the untimely death of President John F. Kennedy.

I would be remiss in my responsibility if I did not take this opportunity—particularly since I speak for all members of the Senate Commerce Committee in this respect—to commend the broadcasters and specifically the major networks for their magnificent, outstanding service in this particular event to the American public. Their programming during this period was truly a service in the public interest. From the moment of the initial bulletin reporting the shooting of the President shortly after noon on Friday, November 22, the American Broadcasting Co., the Columbia Broadcasting Co., and the National Broadcasting Co. mobilized their complete resources for the coverage and reports that continued uninterrupted for a period of 4 days. The remarkable coverage during this period of shock, bewilderment and confusion attests to the skill and maturity of electronic journalism. The coverage was respectful and restrained but yet in full detail.

No announcements have been made by the networks or their affiliates as to the costs from the curtailment of commercials and entertainment shows—I am sure they do not even care to discuss that matter so dedicated were they to this terrible American tragedy—but I would estimate it runs into the millions of dollars.

When one realizes that in the days following the assassination of President Lincoln it took many weeks before the information surrounding the tragedy was fully disseminated, then one can fully appreciate the tremendous accomplishment of the broadcasters in bringing the events to the public in such intimate detail that took place in the past 4 days. Much has been spoken and written about the public service responsibility of the broadcasters and networks but I must state for the record that the excellent performance of recent days brings to them the highest commendations that I can make. There was a truly great contribution to public understanding of the events surrounding this unfortunate tragedy in American history.

I say, "Well done, networks and broadcasters." This was public service programming at its finest.

Mr. President, I could say the same thing about the American press. Our committee has much more to do in the field of communications with broadcasting and electronics communications than directly with the press, but I believe the American press, along with the networks, the broadcasters, and all others involved, did a more extraordinary job for the American people in sustaining them in an hour of great tragedy and bewilderment than in any other time in the history of communications. They should all be commended for their thoroughly outstanding job.

I believe the television angle during these 4 days has been well covered in articles written by an outstanding writer in the field of television and radio, Mr. Lawrence Laurent, and published in the

Washington Post; and I ask unanimous consent to have printed in the RECORD two of his articles, one entitled "Kennedy was a Master of the Television Age," dated November 26, 1963—a superb performance regarding the networks and the broadcasters and the press; and one dated November 25, entitled "Coverage Stays at Peak Level."

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From Washington (D.C.) Post-Times Herald, Nov. 26, 1963]

#### KENNEDY WAS A MASTER OF THE TELEVISION AGE

(By Lawrence Laurent)

The superb performance by the television networks these recent, sorrow-filled days underscores the importance of the late President Kennedy as the first television President.

He had particular gifts for the newest of the mass media. He enjoyed appearances on television news panels while a Member of the House and Senate. Even before his campaign for the Democratic nomination, Mr. Kennedy had appeared more times on "Meet the Press" than any other person.

Mr. Kennedy had also been a guest on every major television news program.

In Theodore White's book, "The Making of the President," is the story of Mr. Kennedy's long-range plans for a series of televised debates with Mr. Nixon.

After his 1960 election, Mr. Kennedy told Rowland Evans of the New York-Herald Tribune that he could not have been elected without television.

President Eisenhower had permitted film cameras into his news conferences. Mr. Kennedy threw the conferences open, for the first time, to regular, live TV coverage.

Mr. Kennedy made himself available for intimate television interviews with three reporters, one from each of the networks. He permitted, also, documentary film makers to come into his office in the tense days of the desegregation crisis at the University of Alabama.

In September, when CBS shifted from a nightly 15-minute newscast to a 30-minute program, Mr. Kennedy helped with the premiere. There was a special interview with Walter Cronkite.

A week later, NBC began its nightly 30-minute series and, again, the opening show was an interview with the President.

Certainly, no candidate in recent times was better equipped to handle the terrors of the unrehearsed television interview than Mr. Kennedy.

Peggy Whedon of ABC-TV has recalled his visit to the old "College News Conference" for questioning by students.

"Usually," Mrs. Whedon recalled, "a Senator or Cabinet official would walk in with several assistants and a brief case full of documents." The then Senator Kennedy arrived alone, empty handed. With a deep tan, he needed no TV make up.

"The only work our people had to do," Mrs. Whedon added, "was to lend him a comb."

His lean good looks were suited to the harsh demands of the television cameras. His mind—filled with facts and statistics that could be quickly summoned—was the kind that responded quickly and easily to difficult questions.

Always, there was the flashing humor, the gentle quip and the willingness to smile at himself.

He was attuned to this age of instant, electronic communication as the Founding Fathers had mastered the techniques of print and persuasive pamphlets.

He was very much a part of his own time. He met the challenges of electronic commu-

nication as he faced the fatal terrors of the 1960's. He belonged to television as he now belongs to the ages.

[From the Washington (D.C.) Post, Nov. 25, 1963]

#### COVERAGE STAYS AT PEAK LEVEL

(By Lawrence Laurent)

The television industry continued its finest performance yesterday, the third day of no commercials or regular entertainment features. The same policy continues today with all stations prepared to resume normal schedules at sign-on time, Tuesday.

Network reporters worked with little sleep, but the weariness rarely showed on camera. The coverage of memorial services for the late President Kennedy was marked by restraint, thoroughness, and the ability to mobilize swiftly for an unexpected news development.

The fatal shooting of Lee Harvey Oswald in Dallas was shown on video tape many times to the Nation's 50 million television homes. Cameras had already been set up in the basement of the Dallas city jail where the shooting took place.

NBC interrupted its Washington coverage to switch to Dallas within 5 minutes of the event. Reporter Tom Pettit, working in the frenzied atmosphere, remained calm and did a solid job of etching in the missing details. In addition to the video tape recording, CBS came up with a superb set of photographs that were in sequence and had the appearance of motion pictures.

The fine coverage is being coordinated by CBS-TV's Art Kane, who came to Washington on Friday from his CSB news post in New York.

In preparing for Sunday and Monday memorial services and the funeral, a CBS construction crew worked in the Saturday rain and completed work at 4 a.m. Sunday. They built eight platforms for pool cameras. Four are near St. Matthew's Cathedral, two at the Capitol, one at Constitution Avenue and 17th Street NW., and one on Henry Bacon Drive, near the Lincoln Memorial.

Additional camera platforms were being built yesterday for the funeral services at Arlington National Cemetery.

One Washington television station manager, who asked that his name not be published, estimated that the 4 days of television would cost the station "about \$50,000." The cost takes in operating expenses and the loss of normal revenue.

Other station operators declined to make estimates.

Along with the detailed live coverage, producers had their research teams searching for film and video tape on the President's career. These were used throughout the day and evening.

Television stations also produced panels of experts, called in to discuss implications of the shift from Mr. Kennedy to President Johnson.

Excellence has become routine in the coverage. Particularly outstanding was the work of Roger Mudd of CBS at the rotunda of the Capitol. ABC, in late afternoon, put together commentators Howard K. Smith and Edward P. Morgan for a discussion of the "hate" organizations in the United States. They had a thoughtful, sobering discussion.

Noteworthy, also, has been the sure grasp of news developments by David Brinkley of NBC and Walter Cronkite of CBS.

The scope of the television coverage and its flawless handling of this tragedy should enable every member of broadcasting to stand taller.

Mr. MAGNUSON. Mr. President, it was a great effort of dedication and tremendous detail and a respectful job that both TV and the press did in covering this American tragedy.

RECESS UNTIL 10 A.M. TOMORROW

Mr. HUMPHREY. Mr. President, if there is no further business to come before the Senate, I now move, under the previous order, that the Senate stand in recess until 10 a.m. tomorrow.

The motion was agreed to; and (at 9 o'clock and 19 minutes, p.m.) the Senate took a recess, under the previous order, until tomorrow, November 27, 1963, at 10 a.m.

## HOUSE OF REPRESENTATIVES

TUESDAY, NOVEMBER 26, 1963

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

*Psalm 85:8: I will hear what God the Lord will say, for He will speak peace unto His people.*

Almighty God, as we again assemble for prayer in these strange and sad days, we earnestly beseech Thee that we may hear and heed Thy voice speaking peace unto us through Thy holy word, for we penitently acknowledge that we are troubled in spirit, greatly disturbed and apprehensive, and often discouraged as we face the unknown future.

Grant that we may not forget that Thou wert our help in all the far-off yesterdays, drawing us to Thy self by Thy grace and love, giving Thy healing balm to hearts that were bruised and broken, bestowing Thy pardoning grace for our sins and shortcomings, renewing our strength and courage for our heavy duties and responsibilities.

As we go forth into the hours of each new day, may our minds and hearts be blessed with Thy divine spirit, which alone can deliver them from all thoughts and feelings of hatred and violence and remove those antagonisms and antipathies which divide soul from soul. May the President, our Speaker, the Members of Congress, and all our people be drawn together in one high and holy aspiration to know Thy truth and to do Thy will faithfully.

"O Lord, support us all the day long of our troublous life, until the shadows lengthen and the evening comes and the busy world is hushed and the fever of life is over and our work is done. Then in Thy mercy grant us a safe lodging and a holy rest and peace at the last."

Hear us in Christ's name. Amen.

### THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

### MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed the following resolution:

S. RES. 228

*Resolved*, That the Senate has learned with profound sorrow and deep regret of the tragic death of the Honorable John Fitzgerald

Kennedy, late the President of the United States, and a former Representative and former Senator from the State of Massachusetts.

*Resolved*, That in recognition of his illustrious statesmanship, his leadership in national and world affairs, and his distinguished public service to his State and the Nation, the Presiding Officer of the Senate appoint a committee, to consist of all the Members of the Senate, to attend the funeral of the late President at noon today.

*Resolved*, That the Senate hereby tenders its deep sympathy to the members of the family of the late President in their sad bereavement.

*Resolved*, That the Secretary communicate these resolutions to the House of Representatives and transmit an enrolled copy thereof to the family of the late President.

*Resolved*, That, as a further mark of respect to the memory of the late President, the Senate do now adjourn.

### WORK PLANS UNDER THE WATERSHED PROTECTION AND FLOOD PREVENTION ACT

The SPEAKER laid before the House the following communication; which was read and referred to the Committee on Appropriations:

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
Washington, D.C., October 31, 1963.

HON JOHN W. MCCORMACK,  
The Speaker,  
The House of Representatives,  
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the provisions of section 2 of the Watershed Protection and Flood Prevention Act, as amended, the Committee on Agriculture on October 30, 1963, considered the following work plans transmitted to you by executive communication and referred to this committee and unanimously approved each of such plans. The work plans involved are:

#### STATE, WATERSHED, AND EXECUTIVE COMMUNICATIONS

Texas: Big Creek, No. 2571, 87th Congress.  
Minnesota: Crooked Creek, No. 1234, 88th Congress.  
Colorado: Indian Wash, No. 1899, 87th Congress.  
Minnesota: Joe River, No. 1234, 88th Congress.  
Arkansas: Mud Creek, No. 1234, 88th Congress.  
Tennessee: Thompson Creek, (supplemental), No. 895, 88th Congress.  
Tennessee: Weatherford-Bear Creek, No. 1234, 88th Congress.

Sincerely yours,

HAROLD D. COOLEY,  
Chairman.

### A DAY TO BE SET ASIDE LATER TO EULOGIZE OUR LATE PRESIDENT, JOHN FITZGERALD KENNEDY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ALBERT. Mr. Speaker, I take this time only to advise the Members that we plan to set aside a full day at a later date on which Members may eulogize our late President, John Fitzgerald Kennedy.

### STATUS OF THE APPROPRIATION BILLS 88TH CONGRESS, 1ST SESSION

Mr. CANNON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include a tabulated statement of the appropriation bills for the session, together with a comparison with the budget estimates.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CANNON. Mr. Speaker, under leave granted, I include down-to-date tabulation of the appropriation bills of the session and corresponding budget requests.

The only remaining regular appropriation business to be reported to the House is the foreign aid bill—still awaiting the necessary authorization legislation—involving budget requests of \$4,840,030,000. \$184,869,965 has been cut from the \$2,160,472,456 of supplemental budgets in this session for the fiscal year 1963.

As to the main budget, for fiscal 1964, the table discloses four bills signed by the President, disposing of \$61,918,577,000 of his budget requests for appropriations. They are Interior, Treasury-Post Office, Labor-HEW, and Defense, and they were cut by \$2,229,557,000. And, in the aggregate, they are below comparable appropriations for fiscal 1963 by \$339,000,000.

The conference agreement on the legislative bill is pending in the Senate, having been adopted by the House at a figure \$13,925,000 below the budget requests but, owing to some nonrecurring construction items, about \$18,000,000 above last year.

The agriculture bill is in conference.

The District of Columbia and independent offices bills are awaiting conference.

Three other bills—State-Justice-Commerce-Judiciary, the military construction bill, and the public works bill are being processed in the Senate committee.

The House has cut \$5,420,333,026 from the \$91,817,407,145 of budget requests considered in the 11 regular bills for fiscal 1964 and will substantially increase that aggregate on the foreign aid bill. It now seems a certainty that Congress will conclude the appropriations business with a very substantial cut below the requests and also below last year's appropriations. And we are determined, in collaboration with the other body, to continue to do everything we can to conclude the work as expeditiously as circumstances permit.

No review of the aggregate probability of total appropriations for the session can omit the approximately \$12,000,000,000—using a round amount because it does not stand still—of appropriations recurring automatically for fiscal 1964 under permanent law. That is not in the table to follow because it requires no annual action by the Congress. The principal expense is the interest on the national debt, tentatively estimated at \$10,020,000,000 in the January budget, but more recently figured to approximate \$10,500,000,000.

The substantiating details are in the following table: